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# CURRENT HISTORY

A Journal of Contemporary World Affairs



## RUSSIA AND EURASIA

- |   |                                    |
|---|------------------------------------|
| <b>Is This Any Way to Create a Market Economy?</b>                              | Marshall I. Goldman 305            |
| <b>The Russian Road to the Market</b>   | Anders Åslund 311                  |
| <b>Democracy Begins to Emerge</b>   | M. Steven Fish 317                 |
| <b>The Devolution of Russian Military Power</b>                                 | Stephen M. Meyer 322               |
| <b>Chechnya:<br/>The War Without Winners</b>                                    | John Colarusso 329                 |
| <b>Central Asia:<br/>The Calculus of Independence</b>                           | Martha Brill Olcott 337            |
| <b>Post-Soviet Nuclear Trafficking:<br/>Myths, Half-Truths, and the Reality</b> | Rensselaer W. Lee III 343          |
| <b>Book Reviews</b>   | On Russia 349                      |
| <b>The Month in Review</b>  | Country by Country, Day by Day 350 |



# CURRENT HISTORY

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## EDITOR'S NOTE:

"Russia lies utterly ravaged and poisoned; its people are in a state of unprecedented humiliation, and are on the brink of perishing physically, perhaps even biologically." Thus wrote Aleksandr Solzhenitsyn in early 1993. While extreme, the great Russian author's pronouncement conveys a fatalism that has dominated most recent reporting on Russia. Whether this pessimism is warranted forms the centerpiece of our October issue.

We begin with a debate on the country's economic transformation by two leading economists, Marshall Goldman and Anders Åslund. The uncertainty about Russia's economic prospects that hangs over their discussion must be set against the measured optimism of Steven Fish's account of Russia's first real attempts at institutionalizing democracy and Stephen Meyer's critical analysis of what he believes to be the military's largely benign post-Soviet role.

John Colarusso argues that the war in Chechnya has derailed any political gains and has sown the seeds of an incipient authoritarianism. In her survey of Central Asia, Martha Olcott finds that the region's leaders have already tested the authoritarian waters.

We end with a detailed look at the issue of "loose nukes"—the dispersal of the nuclear components that made up the former Soviet Union's nuclear arsenal. Rensselaer Lee offers a first-hand assessment of the present and potential dangers they present.

## COMMENTS ON THIS MONTH'S ISSUE?

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What is the state of the Russian economy? Is it a mafia-ridden, poorly executed experiment in economic change? Or is it only exhibiting the stresses and strains one would expect to see in an emerging free-market system? Our first two articles in this issue offer alternative assessments. Marshall Goldman notes that "previous efforts at reform in Russian history did not succeed, and there is growing anger at Russia's present form of 'bastard' capitalism. It may be a market, but not one that most societies would tolerate."

## Is This Any Way to Create a Market Economy?

BY MARSHALL I. GOLDMAN

Seldom has a society been subjected to changes of the magnitude Russia has endured this past decade. Countries that undergo radical change usually do so in the aftermath of a violent revolution or a massive civil war. Modern day Russia has experienced neither. Yet Russia has nonetheless committed itself to adopting a democratic form of government and abandoning the monopolistic communist system of central planning and state ownership of assets. In addition, it has decided to shrink its military-industrial complex, which was the world's mightiest.

This is not to say that without a revolution no other country has ever voluntarily subjected itself to shock therapy or economic restructuring; many have. But Russia is special. No other country has endured 70 years of communism. As a result, Russia has had more time to destroy whatever remnants remained of the capitalist world and the market system. It not only abolished private ownership of the means of production in agriculture, services, and industry, but actively suppressed the institutional infrastructure that had developed in the wake of the market system. The Soviet government effectively dismantled Russian commercial codes, bankruptcy procedures, contract etiquette, and the legal and accounting practices that are essential to conducting private business. Even the rites, rituals, codes of honor, and customs that underpin business ethics and practices were suppressed or left to atrophy.

But Soviet leaders did more than destroy; they set out to create a new set of institutions, designed in part to prevent Russia from ever fitting back into the world market economy. Recognizing that competitors in the market economy often duplicate one another, Soviet leadership reasoned that central planning would be economically more efficient if it eliminated some of the competition. Therefore, wherever possible, it intentionally formed monopolies. That these monopolies of necessity tended to be very large was not considered a drawback. On the contrary, Soviet leaders prided themselves on the size of their industries. Some factories had workforces of over 100,000 employees. They called this phenomena "gigantomania," reasoning that such large factories would allow economies of scale that were unavailable to most competitive firms in the West.

In retrospect it is sometimes hard to understand how such a system could have become as effective as it sometimes appeared. We should not forget that the Soviet economy did show signs of rapid if unbalanced growth between the 1930s and the 1960s; that is, until technology began to change rapidly. It may be hard to believe, after all the recent upheaval, but the Soviet economy did some things quite well. Because it was unconstrained by concern over property, civil, and human rights, it could forcibly mobilize and extract large sums of capital from the public, particularly but not exclusively from peasants in the countryside. It could then take those resources and plow them into basic industry. This in turn made it possible for the Soviet Union to build itself the world's largest military-industrial establishment. Because there was so little regard for civilian needs, this could be done even

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though the result was an industrial profile that favored heavy, rust belt-type industry.

## THE BIRDS, THE BEES, AND THE DINOSAUR

Whatever advantages such a state-owned centrally planned economy may have had were short-lived; as technology began to change and international markets began to intrude, those advantages quickly became handicaps. In a word, the Soviet Union was completely unprepared, domestically and internationally, to cope with a market environment. Not only did it lack a free market infrastructure with competitive markets, wholesalers, commercial codes, business ethics, public-accounting standards, and financial transparency, but the makeup of its industries, with their monopolies and economies of scale, was the opposite of what was needed to be competitive in the 1990s.

Just as it is easy to destroy a forest by burning it to the ground, so it is easy to destroy a free market economy by shooting all the private owners. What is difficult is creating a forest or a market. It is not enough to plant 10 trees and call it a forest, nor is it enough to open 10 stores and call it a market. There must be a facilitating infrastructure of birds and bees and scrub brush in the forest and, in like fashion, accounting, commercial codes, transparency, and wholesalers in a market. What is needed is ape-like agility and adaptability; what the Russians had was dinosaur-like resistance to change.

On top of that, what had been an integrated whole, the Soviet Union, fell apart overnight into 15 pieces. Lines of authority, industrial sources of supply, and customers suddenly disappeared. Rigid controls gave way in many instances to anarchy or a vacuum. Part of that upheaval also involved the sudden withdrawal of funding for the Soviet Union's military-industrial complex. Since that had been the engine for so much of the Soviet Union's economic growth, its collapse had as profound an impact on the country's economy as the decision to allow private ownership of the means of production.

The transformation of any communist economic system is fraught with hazards. The return of communists to power (even if they are more benign than their predecessors) in Lithuania, Poland, and Hungary suggests that even in those countries where the economic results have been among the most successful, the process has seldom gone smoothly. Moreover, none of the aforementioned countries had a communist regime that lasted 70 years, nor were their political, geographic, and military upheavals as extensive and disruptive as those that confronted Russia, the heir to the Soviet Union.

It is also sometimes forgotten that there was a broad consensus in the Baltic states and most of Eastern Europe about abandoning the communist system and looking West. There was no such agreement in Russia. For most Eastern Europeans, communism was something that had been forced on them by the Soviet Union. Consequently, there was widespread eagerness to cast off this alien economic and political system and reintroduce Western economic and political structures.

In contrast, while many in Russia certainly wanted to look West, there were probably an equal number who did not. Those eager for Western ties were intellectual descendants of the nineteenth-century Westernizers, represented in the modern day by figures like Andrei Sakharov, Yegor Gaidar, and Anatoly Chubais. But equally important were the Slavophiles, who distrusted what they viewed as the decadent and corrupt ways of the West. They much preferred to look inward and rely instead on guidance from Russia's Orthodox

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society as a whole.*

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Church, the Russian peasant, and the Russian soul. Because of this dichotomy, there was bound to be some doubt about adopting Western ways. This meant that the honeymoon allowed reformers would be shorter and, unless there were immediate and impressive results, doubts about following a Western path would surface sooner than in Eastern Europe.

There is an equally serious but usually unrecognized obstacle that has complicated market reform in Russia. An inescapable characteristic of all the recent transformation efforts has been the corruption associated with the transfer of asset ownership, especially the means of production, from the government to private groups and individuals. So far no one has been able to devise a system that has provided everyone with a reasonably equitable share of the proceeds. In some

cases, including Russia, a voucher purporting to represent an ownership share in the country's assets was made available to each citizen. However, with the possible exception of the Czech Republic, most of these schemes have come to be viewed as shams that do not compensate for the fact that the previous party and government members of the nomenklatura somehow managed to take care of themselves and their families in a way that came close to—and in some cases was—outright theft.

Who would be given an option to buy or use a building or a factory was usually dependent not on fair and square bidding in an honest auction, as originally conceived, but on winks and nods, envelopes of cash, and secret accounts in Cyprus and London. When auctions were meaningful, the only participants with the wherewithal to enter serious bids were representatives

of the mafia, those with banking connections, directors of existing government enterprises who could raid their treasuries, or bidders with enough foresight to realize that they could borrow the funds they needed for the auctions from willing accomplices in the banks. These bidders could then finance those purchases and kickbacks with funds they would subsequently plunder from the enterprises once they became owners.

Few countries have been immune to such temptations. The problem has been compounded in Russia, however, by the fact that, in addition to the buildings and factories that have been privatized, Russia has vastly richer mineral deposits at its disposal. Some may question just how valuable the ZIL automobile factory in Moscow with its outmoded equipment may be (not much if it were not for the land underneath the plant, which can be used for offices and stores). But no one questions becoming the full or partial owner of an oil or gas field. By international standards that involves real, recognizable wealth. There are persistent but denied rumors that Prime Minister Viktor Chernomyrdin (previously the minister of the gas industry and the man who initiated the conversion of that ministry into the privately held Gazprom), ended up with 1 percent of the new company's equity stock holdings. If so, that would give Chernomyrdin a net worth of \$1 billion. Whatever the merit of such speculation, that the phenomenon is a real one is confirmed by the head of LUKOIL. Before it went private three years ago its president, Vagit Alikperov, had a negligible net worth. Today he is believed to have an estimated \$2.4 billion in assets.

## OPTIMISTS OR DREAMERS?

For some proponents of privatization, shortcomings in the process are secondary to the fact that the process has occurred at all. For this group, the number one priority has been the removal of the government from state enterprise ownership and the substitution of private owners. The advocates of rapid privatization concede that on occasion some of the new managers will prove unequal to the task of running a private business. But with time, they argue, the incompetent managers will be flushed out by other shareholders or even removed by friends, if their failure to fire their comrades results in continuing losses and the eventual bankruptcy of the enterprise; certainly that has been the experience in the West.

This reasoning may make sense in the West, but it is not the way things necessarily work in Russia. A manager may be ill equipped to operate a firm effectively according to market principles, but the odds are, especially for holdovers from the old regime, that they still can find their way around the government and will avail themselves of the subsidies and government support that sustained them in the past. The best indication that old practices are continuing is that there have been

virtually no bankruptcies among the larger enterprises, whether they are still state owned or newly privatized.

Moreover, the government often continues to hold shares in and ownership of many enterprises. While many businesses, especially smaller ones, were completely sold off to private owners, the state maintains varying shares of stock in a number of larger concerns. As of mid-1995, there were at least 10,000 such firms, including about 3,000 with the most natural wealth. These holdings allow the government, through the Fund for Government Properties, to continue to exercise a major influence on a business. The expectation is that the remaining shares will eventually be sold off. However, it was originally thought that this would occur before the middle of this year; it has now been postponed and no firm date has been set. In part this is a response to those who have called for the state to retain or increase its interest, especially in such "raw material-rich enterprises."

This backtracking is to be expected when the privatization process is a top-down rather than a bottom-up effort. So far most new private businesses are nothing more than former state enterprises that have been declared private, joint stock companies. The rite of passage is marked by printing ownership stock shares in the enterprise. For the most part these shares are issued to the firm's employees and managers.

Enterprise managers have tended to end up as the controlling owners. In fact, only about 10 percent of the country's newly privatized enterprises have had a change in management that was initiated by a hostile vote of the stockholders and the board of directors. Not only is most enterprise management little changed from before, but the market structure is also much the same. As was noted, during the Soviet era economic planners created monopolistic giants that they believed would offer significant economies of scale and also eliminate competitive duplication and waste.

But an effective market system requires vigorous competition. What most reformers did not appreciate is that declaring that a state monopoly had been transformed into a private enterprise did not necessarily mean that the industry had suddenly become competitive. On the contrary, there is usually little difference between a state and private monopoly. In the words of the Russian economist Pavel Bunich, "We remain a country of monopolies. There are 500 enterprises, or about 0.5 percent of the total number of enterprises, producing 20 percent of all output. Some 31 ferrous metallurgical enterprises produce 63 percent of the sector's output. Such concentration is unknown in the West."

Not surprisingly, most enterprises in this suddenly created private sector operate much as they did before. They continue to rely heavily on the state for subsidies and offer little in the way of new product development or manufacturing efficiency.

The public's attitude toward privatization and con-

cerns about the legacy of privatization and the legitimacy of the process seem to have fallen by the wayside. Given the ongoing nature of the privatization process, it is important that it be perceived as reasonably equitable. In other words, it is simply not enough to terminate the government's ownership of those assets; there must be some other tangible benefits. Production should increase, and the public must be assured that the fruits of the privatization process will be shared broadly and in no event restricted to only a few—most of whom by more than coincidence were the directors in control under the old regime. It is important that there be no ideological backlash and fodder for those who, even under the best of circumstances, would seek a return to state ownership.

## THE RESULTS SO FAR

What have been the results of the privatization process? Russian authorities proudly assert that no other country in history has managed to privatize so much so quickly. According to their statistics, between 60 and 70 percent of Russia's business is now in private hands. Without question this is a noteworthy achievement. What is lost sight of, however, is that in Russian agriculture, the sector in other countries where privatization has almost always been the precursor to successful reform, only about 5 percent of Russian farmland has been turned over to private family farming. Even more disturbing, because the work environment is so hostile, more farmers abandoned their existing family farms last year than attempted to open new ones.

But today there are some differences with the way things were before 1992. Now that it is legal to own manufacturing equipment and property, many managers and directors have concluded that it is in their interest to strip an enterprise's assets, especially if the proceeds from the sale of those assets can be shifted to overseas bank accounts. One common approach is to sell off assets at a low price in exchange for a kickback that is deposited into the director's personal banking account. Similarly, it is considered standard practice to arrange that the export proceeds—which traditionally accrue to an intermediary who arranges the export sales—be deposited in personal accounts overseas where again, there is a suitable division of the profits. For its part, the local enterprise seldom pockets more than one-third the gross revenue it earns. But rather than complain, the directors of these enterprises are usually content, since they can receive more off the books in untaxed kickbacks from acquiescing in such arrangements than they would from salaries as conscientious managers. Given the combination of asset stripping, military conversion, monopolized industries, and inexperience with market processes, it is no wonder that industrial output for the country as a whole declined until at least the middle of this year.

Not all privatization efforts have turned out so negatively. Some, such as the Volga Paper Mill in Balakhna near Nizhni Novgorod, where a German investment firm has recently acquired over 90 percent of the mill's shares of stock, have managed to restore production to 1990 levels (output of 500,000 tons of newsprint a year in 1990 plummeted to 60,000 tons in 1992, the first year of the Gaidar reforms; for all of 1995, production should again reach 500,000 tons). Some large industrial enterprises in the military complex have worked out joint ventures with foreign firms and have increased the civilian share of their output; thus in St. Petersburg the Leninet factory is producing, among other products, Gillette razor blades, and the Kirov factory is producing components for the Caterpillar Tractor Company's factory in Belgium. Boeing and United Technology have structured similar ventures with other Russian military producers.

Most of the new growth has come from "green field" or brand new business startups. According to Dmitri Vasiliev, the executive director of the Russian Securities Commission, there were more than a million such ventures by the middle of this year. These encompass sidewalk hawkers to private spinoffs from research laboratories and large state industries. Some of the stripped assets have also been used this way.

As has been the case in other transitions from communism, the service sector has generated the most growth. Newly established construction firms have been equally dynamic. While the state-financed and -operated construction sector finds itself with sharp cutbacks in financing, most of the slack has been offset by an outburst of new private (both domestic and foreign) activity. Housing construction has sprouted around virtually every city in Russia. Rehabilitated and new office construction has been equally impressive. Most of these new buildings are intended to house the growing service activities. In Moscow the street floors of what were some of the most bureaucratic and off-putting structures have been reincarnated as user-friendly stores, restaurants, and offices. On the negative side, in construction, as in the economy as a whole, there is little new construction or investment intended for industrial output.

## DIAGNOSIS

It is still too early to determine the impact of the conflicting tendencies in Russia's economy. Without a doubt there are some early and promising signs of market development, especially among those sectors of the economy with a large number of startup ventures. But there are also many troubling echoes of the centrally planned era. Of even more concern, because the reforms were designed improperly, the economy has spawned freakish appendages that threaten the long run healthy growth not only of the economy, but society as a whole.

That all is not as it should be is reflected by a variety of factors. One of the most troubling is the persistence of inflation. There was no easy way to have avoided it completely, but its magnitude could probably have been reduced if the reformers had concentrated more on creating brand new startup competitors in agriculture, trade, services, and manufacturing rather than privatizing existing state enterprises. Without structural change and competition, the monopolists were able to maintain control. Despite valiant efforts by the Central Bank in early 1992, the lack of competition was a major cause of the 26-fold jump in inflation in 1992 and the continuation of the problem into 1995. This year the Central Bank tripled reserve requirements and raised interest rates in an effort to curb the creation of credit and the printing of money. Nonetheless, inflation remains close to 7 percent a month even though government economists had promised that inflation would be no more than 3 or 4 percent.

The persistence of monopolies, especially in the food-processing sector, also explains the opposition to President Boris Yeltsin's July 1, 1995, edict, which imposed tariffs as high as 30 percent on imported food products. It was argued that these tariffs were needed by Russian food producers, who were being overwhelmed by food imports that constituted more than 50 percent of the food sold in most Russian cities.

Yeltsin's critics warned that there was little likelihood of any increase in domestic output because there were too few private farmers and too many monopolist food processors. Even when a farmer manages to increase his output, he is invariably unable to find anyone in his neighborhood willing to buy more. On those occasions when farmers have tried to sell outside their area they have usually faced physical harassment from mafia groups or public criticism that they were more interested in making money than in providing adequate food supplies for their neighbors.

Lack of competition has been caused by and has given rise to an organized crime problem of monumental proportions. Few societies have faced anything comparable. It may be overstating the case, but according to a report prepared for Yeltsin in January 1994, the Russian mafia controls between 70 and 80 percent of all private and banking activities. A subsequent survey found that more than 40 percent of Russia's entrepreneurs acknowledged that they had been pressured by mafia groups and 25 percent make regular extortion payments. It is virtually impossible to open a business

<sup>1</sup>Echo Radio (Moscow), July 3, 1995, as reported in *The Monitor*, The Jamestown Foundation, July 5, 1995.

or even a farm today without receiving a visit the next day from the mafia. Some try to avoid the problem by hiring a protection service, but all too often the protectors are also part of the mafia apparatus. Among the American firms that have been taken over or have had a serious clash with the mafia are the Subway sandwich shop in St. Petersburg, Estée Lauder in Moscow, and the Slavianskaya Radisson Hotel in Moscow.

At times it is difficult to determine when ordinary violence and government corruption edge into organized crime, but there is no escape from its effects. Where it was once one of the safest cities in the world, Moscow recorded 1,820 murders in 1994, more than New York's 1,581. Whereas 1 policeman was killed in New York in 1994, 16 were killed in Moscow. Moreover, despite some wishful thinking that the incidence of crime had been falling, Moscow's crime rate rose by

7.19 percent during the first half of 1995.

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The growth of violence has paralleled the growth of government corruption. As Russian novels such as Gogol's *The Inspector General* show, corruption has been a part of Russian life for centuries; the inflation of the last few years has only compounded the problem. Out of necessity, government officials must supplement their low salaries, and one of the easiest ways to do so is to demand bribes. For example, Russian traffic police show no shame in stopping cars in some of the country's busiest streets and then demanding a cash payoff. The American Chamber of Commerce in Moscow surveyed its members and found that corruption along with crime have become major impediments to further foreign investment.

It is the average Russian who has suffered the most. Admittedly, the new wealthy class has done extremely well. According to the economist Pavel Bunich, the richest 20 percent of the population now receives 50 percent of the country's revenue, but the poorest 20 percent receives only 3.5 percent. Others estimate that "one-third of all Russians now live below the officially defined poverty line," and that "some Russian parents are killing their children because the children represent too great a burden on the family."<sup>1</sup>

In an effort to "get their share" and escape the ravages of inflation, the public has fallen victim to "get rich quick" schemes. Over 50 investment, real estate, or bank funds have collapsed, leaving their investors with nothing. Overall, approximately 86 million Russians have suffered financial losses from fraud or mismanagement in banks or other financial institutions since 1991. The most notorious was the MMM investment fund. Having squandered her total savings and denied any redress, one investor immolated herself this

May in front of her now defunct St. Petersburg investment fund.

Most of these schemes were nothing but old-fashioned pyramid scams. The cash used to pay the 900 percent monthly "dividends" to the initial investors typically came from the investment proceeds of subsequent investors. Eventually not enough new investors could be found to fund those who had gone before. At that point the original promoters tended to leave town with whatever they had left.

The signs of social disintegration are not limited to the growth of crime or poverty. Russia has also developed serious health problems, many of which heretofore had been restricted only to developing countries. For example, life expectancy for Russian males is about 57 years, the lowest of any industrialized country. Russia is also experiencing a diphtheria epidemic. Between 1990 and 1994 there were 48,000 cases; during the first four months of 1995, 13,000 cases had been recorded. Polio has also resurfaced. In addition, several Russian cities are again having to deal with cholera. After two cases were reported in Moscow, the authorities decided to ban swimmers from a stretch of the Moscow River.

Because Russia is so rich in raw materials and human capital, it will in time find a way to use its resources productively to benefit Russian society at large. Russia, after all, is not Mali. Even now there are some promising indications. For example, Prime Minister Chernomyrdin started out as a typical ministerial apparatchik opposed to some of the most important aspects of reform, such as street vendors, bazaars, and markets. By 1995 he had become a staunch supporter not only of markets and tight money control but also political compromise. Despite passionate opposition from the minister of defense, this June he allowed Chechen fighters who had taken Russian hostages at a hospital in Budyonnovsk, Russia, to return unharmed to Chechnya. The military had argued instead for an attack on the hospital, which would have killed the Chechens and the nearly 2,000 Russian hostages they were holding. In justifying his decision, Chernomyrdin

noted that "the Russian state, almost for the first time in its history, I repeat, almost for the first time in its history, put the life of its citizens above any political expediency." In times past it would have been deemed more important to teach a lesson to the Chechens than to spare innocent lives.

Offsetting such positive signs are the aftereffects of the communist era and the reforms. There is seething popular anger at what is viewed as Russia's fall from superpower status, the collapse of its economy, the replacement of Russian-made products and production with foreign imports, inflation, unemployment of at least 10 million people, theft of what was state property, growing income inequality, corruption, the suffocating control of the mafia, and the frightening collapse of social order.

The big unknown is whether there will be enough that is positive to convince the Russian public to remain patient and continue its tolerance of what appears to many as anarchy. If not, its frustration may express itself in violence or by bringing to power of men on horseback with totalitarian answers.

Jacques de Larosiere, the president of the European Bank for Reconstruction and Development, put it succinctly. Russia, he said recently, is at a crossroads. "At present there appear to be two alternatives. On the one hand Russia could become a distorted market economy centered on a limited group of lobbies vying for a slice of the stagnant economic pie... Or Russia could be become a transparent, rule-based market economy." In the short run there is nothing to guarantee that the second alternative will triumph. It is not easy to undo the damage of 70 years of communism and 10 years of misbegotten reforms. Despite some new and promising signs of healthy reform, the undoing of past mistakes will require decades. The question is, do the Russian people have that much patience? Previous efforts at reform in Russian history did not succeed, and there is growing anger at Russia's present form of "bastard" capitalism. It may be a market, but not one that most societies would tolerate. ■

"Today it is often overlooked how frightful the Soviet crisis was in the fall of 1991," Anders Åslund observes in his discussion of the Russian economic transition. While he notes that there have been shortcomings in the transition from a command economy to a market economy, he argues that the problem with the transformation "is not that it has been too radical, but that it has not been radical enough."

## The Russian Road to the Market

BY ANDERS ÅSLUND

In recent years Russia has gone through an extraordinary metamorphosis.<sup>1</sup> The Soviet empire has been replaced with a Russian state; Communist dictatorship has given way to democratization; and the centralized, state-controlled economy has been transformed into a market economy, however imperfect, with predominantly private ownership. Arbitrary repression has ended, and has been followed by a struggle between rising crime and an emergent rule of law. Spiritually, communist ideology has withered away, but it is unclear what has replaced it.

It is difficult to assess such a multiple transformation only a few years after it has begun. The problems are many. First, the main variables to be measured need to be established. Second, these variables must be properly measured. Third, relevant standards of assessment are required to determine how good results were actually possible.

### THE 1991 CRISIS

Today it is often overlooked how frightful the Soviet crisis was in the fall of 1991. My personal memories from Moscow that fall are vivid. Everything was collapsing: the ruling party, tax revenues, production—the very state. Since the fall of 1990, all sides had worried about the possibility of hyperinflation (inflation rising more than 50 percent a month), and government economic policy had effectively broken down after President Mikhail Gorbachev rejected the 500-day market reform program in October 1990. Output fell sharply month by month; in the fourth quarter of 1991, GDP

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<sup>1</sup>This article draws on the arguments and sources of Anders Åslund, *How Russia Became a Market Economy* (Washington, D.C.: Brookings Institution, 1995).

had officially fallen 21 percent from the last quarter of 1990.

The main cause of this slump was an extraordinary financial imbalance that resulted in all-embracing shortages. In the fall of 1991, state shops were virtually empty because regulated prices were too low in relation to the amount of money and goods on the market (too much money and too few goods at given fixed prices). Domestically, the government tried to keep people happy by giving in to all demands for more money for wages, social benefits, and enterprise subsidies. Moreover, the country's constituent republics increasingly refused to pay taxes to the central government. As a result, the consolidated state budget deficit was about 30 percent of GDP in 1991. Externally, the Soviet Union was running out of international creditworthiness, and by December it had defaulted on its international payments. When people, because of overwhelming shortages, found that they could not use the money they earned, they produced less and as a result shop supplies dwindled.

What to do in such a disastrous situation? Soviet Communists saw the fall in output as the primary problem and wanted to bolster production by administrative measures. From a market point of view, however, the crucial task was to end the dramatic shortages by establishing financial balance and introducing market prices.

The government needed to undertake price liberalization as fast as possible: state-owned enterprises no longer obeyed state directives, and the market could not start functioning with stifling price regulations in place. The Russian reform government succeeded in liberalizing prices in January 1992 and the decline in GDP slowed to about 13 percent in the first half of 1992.

In order to create a market, it was also necessary to liberalize domestic and foreign trade. Unfortunately, the liberalization of trade was not at all radical; with the exception of the leading reformer, Deputy Prime Minister Yegor Gaidar, few understood that markets

emerge spontaneously when economic subjects, regardless of ownership, obtain the freedom to trade and become dependent on their own profits.

However, the price liberalization took place in the presence of a huge monetary overhang of forced savings, which led to large price increases. Could it have been avoided? Theoretically, monetary reform, which would have confiscated most of the money held by enterprises and the population, could have limited the price rise. But no preparations for a currency reform had been undertaken, and in the short term it could not be carried out. Therefore, the only practical option was to allow prices to rise freely.

Without strict fiscal and monetary policy, the liberalization of prices would not lead to a single price increase but to continuous inflation. Heroically, Gaidar succeeded in balancing the consolidated state budget during the first quarter of 1992. He did so by first abolishing most enterprise subsidies and price subsidies in one stroke with the January 1992 price liberalization. Second, military procurement was simultaneously cut by more than two-thirds. Third, he imposed a high, value-added tax of 28 percent. In other areas of government spending, general fiscal restraint prevailed.

Liberalization and financial stabilization can be undertaken within a few months. Privatization, however, requires more time. Even so, the Russian reformers did their utmost to speed up privatization because so-called nomenklatura privatization was in full swing—that is, state enterprise managers and state officials were swiftly embezzling state enterprise assets. They could do this because the Gorbachev reforms, notably the 1987 Law on State Enterprises, had left state enterprise managers fully in charge but not accountable to anyone: not owners, workers, or the state. The reformers realized that what was not privatized would be stolen by the managers. Hence, small-scale privatization was accelerated and an elaborate mass privatization program was speedily developed. In a compromise with the Russian Supreme Soviet in June 1992, the reform government accepted that most of the shares of the large enterprises had to be sold cheaply to the managers and workers, but it also decided that the entire population would receive vouchers for a symbolic fee; these could be exchanged for shares in enterprises at voucher auctions or for shares in investment funds.<sup>2</sup>

To promote the evolution of free private trade and the emergence of small private enterprises, Gaidar

pushed through a presidential decree in January 1992 to allow anyone, anywhere, to practice free and spontaneous trade. A massive street trade immediately began to flourish, but local officials desired control—and presumably bribes—and in three months managed to bring this free trade to an end through local regulations.

## NEITHER SUCCESS NOR FAILURE

The initial results of the Russian transformation to a market economy have been mixed. The main problem has been inflation, the most important indicator. Inflation reached 2,500 percent in 1992, 840 percent in 1993, and 200 percent in 1994. Still, hyperinflation has been avoided in Russia, although it hit 10 out of the 12 members of the Commonwealth of Independent States in 1993. Gross domestic product has slumped substantially, according to official statistics, by 38 percent from 1991 to 1994; the decrease appears to be minimal this year. In real terms, however, the decline between 1991 and 1994 is probably about 20 percent, since much of the new production is unreported. However, the Russian economy appeared to grow in the second quarter of 1995. The standard of living has also fallen sharply, but less so than output.

From the experiences of the pioneers of postcommunist transformation in eastern Europe, we know that growth is not to be expected before inflation has been brought under control. Contrary to a frequently held prejudice, there is no trade-off between inflation and output. This is easy to understand when one looks at the situation facing an enterprise. High inflation is most unpredictable: relative prices shift rapidly; nominal interest rates are high; and everybody has incentives to hoard commodities and delay payments. Therefore, no long-term planning is possible, which means real investment is bound to plummet, which makes inflation so important. Inflation, in fact, has been at the top of the list of Russian public concerns.

Crime comes second on that list. The official crime rate doubled between 1988 and 1992, but three-quarters of the rise can be related to three years of collapsing communism rather than the transition to a market economy. The crime rate stagnated in 1993 and fell by 6 percent last year. But the rise in crime in Russia is not unique; the crime rate rose even more in Hungary and slightly less in Poland, making this one of the few areas in which Russia has not done worse than Central Europe. (In Central Europe the crime rate peaked just after the transition to a market economy, and has started to decline slowly.) Russian murder rates are very high, however, although this was also the case

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*Few [reformers] understood that markets emerge spontaneously when economic subjects, regardless of ownership, obtain the freedom to trade and become dependent on their own profits.*

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<sup>2</sup>Maxim Boycko, Andrei Shleifer, and Robert Vishny, *Privatizing Russia* (Cambridge, Mass.: MIT Press, 1995).

under communism. In 1989, the Russian murder rate was as high as in the United States, and the murder rate in the Russian Far East and Siberia was twice as high as in the United States. Now deported criminals from the Russian Far East have entered the large Russian cities, which has led to a number of murders among members of the upper middle class.<sup>3</sup>

Yet, there are many positive results. Most important, shortages have disappeared. Now almost anything can be bought all over Russia for the first time since World War I. The much-touted famine never materialized. And as the ruble has been strengthened, the average monthly wage measured in United States dollars has risen from \$6 in December 1991 to over \$100. Russia's exports have increased, leading to considerable trade surpluses. Today, about two-thirds of the Russian labor force is employed in the private sector. Real unemployment, currently about 7.5 percent, has remained much less than predicted and is less than the western European average. Social peace prevails. Labor unrest and strikes have been much more limited than in western Europe and substantial business restructuring has begun, driven by market forces.

## FOUR KEY PROBLEMS

Russia's failure to achieve financial stabilization has four major causes. The most fundamental problem was that the Russian reform government never managed to get control over the Central Bank of Russia (CBR). The government was defeated in its efforts to do so by the Russian Supreme Soviet, spearheaded by Speaker Ruslan Khasbulatov, as early as November 1991. The incumbent CBR chairman, Georgy Matyukhin, had been nominated by Khasbulatov, although Matyukhin was not close to him. Matyukhin attempted an impossible middle road, favoring a moderate monetary expansion of an average of 11 percent a month during the first five months of 1992, leaving both reformers and conservatives dissatisfied. Matyukhin tried, correctly, to raise interest rates, but with little success because of resistance from Khasbulatov and Vice President Aleksandr Rutskoi. In June 1992, Matyukhin was sacked by the Supreme Soviet and replaced by Viktor Gerashchenko, the former chairman of the Soviet Central Bank. Gerashchenko became popular with the old elite by giving them huge cheap credits, which caused a massive monetary expansion of almost 30 percent a month for the next five months. This was the main reason for the failure of the first Russian attempt at stabilization. Subsidized credits were abolished in September 1993 by Minister of Finance Boris Fedorov. In October 1994, after a major currency collapse, President Boris Yeltsin finally sacked Gerashchenko.

<sup>3</sup>See Anders Åslund, "Economic Causes of Crime in Russia" (paper presented at a seminar at the Russian Research Center, Harvard University, March 7, 1995).

The second major cause of excessive inflation was the persistence of the ruble zone. The dissolution of the Soviet Union's formal structures was surprisingly swift and peaceful. However, the Soviet currency, the ruble, remained, although it was issued by 15 independent national central banks. The former Soviet republics were caught in a prisoner's dilemma. If any country issued less money than the average, it would receive less than its due share of the common GDP. Naturally, a virtual competition over the largest monetary emission started. Gaidar wanted to break up the ruble zone early, but he was defeated by a broad political coalition. The ruble zone finally collapsed in the fall of 1993, and the basic precondition for monetary stabilization—one currency controlled by one monetary authority—came into being.

A third cause, substantial import and export subsidies, boosted inflation in 1992. Direct export subsidies were eliminated in July 1992, and import subsidies were abolished in 1993. Initially, the political will of the reformers appeared insufficient to overcome massive opposition from a small group of foreign traders who thrived on public fear that starvation would ensue if import subsidies for food were abolished. In reality, import subsidies amounting to \$12 billion in 1992 landed mainly in the pockets of a limited number of Russian traders (financed with Western commodity credits).

A fourth problem that boosted both inflation and corrupt revenues of the old elite was that oil and natural gas prices remained at about 1 percent of world market prices for much of 1992. Gaidar repeatedly tried to liberalize energy prices, but he failed because state enterprise managers convinced Yeltsin that it would be wrong to do so. Even today, Russian oil and gas prices are less than half world market prices. The managers of the oil and gas companies insist on low domestic prices, since they can sell a limited volume of oil abroad on their personal account; with the proceeds, they buy shares in the companies they manage. The less profitable their enterprises, the more shares they can buy, which will grow in value in due time. Oil and gas enterprises currently account for 45 percent of Russia's exports, but they pay minimal taxes. If energy prices were truly liberalized, the transparency of the energy sector would increase, and the government would be able to tax energy enterprises effectively. The potential tax revenues are huge and could amount to as much as one-tenth of GDP, which would be enough to ensure financial stabilization.

Thus, the four major shortcomings of Russia's financial stabilization were: loose monetary policy, the irresponsibility of the ruble zone, import and export subsidies, and low regulated energy prices. All four problems facilitated rent-seeking (subsidies) and fraud by state enterprise managers and middlemen, while boosting inflation. The massive subsidies had no posi-

tive social effects. These malpractices, as well as nomenklatura privatization, led to the astounding enrichment of a small, well-placed elite. Thus, the problem with the Russian economic transformation is not that it has been too radical, but that it has not been radical enough. The crucial challenge to the political economy of the postcommunist transformation has been to limit the powers of the state enterprise managers and to minimize their rent-seeking at the expense of society. Instead, profit-seeking should be encouraged.

### CITICISM OF THE ECONOMIC TRANSFORMATION

Even before it started, the reform was subject to enormous criticism. Primarily the elderly were extremely upset about their monetary savings being inflated away. Their fury was directed against Gaidar, although a monetary reform was hardly possible, and it would have targeted monetary savings as well. The Savings Bank, a state monopoly, was unable to transform the savings into privatization accounts. The blame should have been placed on the last Soviet governments, which issued much more money than they could finance, but alas, reformers who unleash prices in the presence of a large monetary overhang tend to receive the blame rather than their irresponsible predecessors.

Russian critics on the right and the left argue that the reformers should have privatized first and liberalized later. However, in Central Europe privatization has invariably taken place after liberalization. The critics' fixation on property is an example of reverse Marxism; many presumed that a market could not exist without predominant private ownership while not realizing that many markets already existed. Finally, Russia was in the midst of an acute financial crisis, so there was no financing to subsidize low fixed prices.

Similarly, Russian critics thought demonopolization had to precede liberalization because of alleged massive production monopolies. But this was a great Soviet myth that Anette N. Brown, Barry Ickes, and Randi Ryterman have dispelled.<sup>4</sup> By Western definitions, only 43 of 21,391 civilian manufacturing enterprises constituted monopolies at the national level, and they accounted for as little as 0.2 percent of civilian employment. The Russian monopoly problem was almost entirely caused by regulation, for which trade liberalization is the best cure. Unfortunately, these misper-

ceptions led to the placement of administrative controls on many monopolies, which in fact reinforced them. Nor was there much "gigantomania"; Russian enterprises were not very large by Western standards. Even in absolute terms, the total number of employees in the 20 largest Russian enterprises in 1989 was less than in the 20 biggest enterprises in the United States, Japan, West Germany, the United Kingdom, Italy, and France. The problem was that small enterprises—those with fewer than 200 workers—were simply lacking in the Soviet Union.

Another often-heard argument held that Russia "lacked market infrastructure" and therefore could not allow instant trade liberalization. The market was perceived as a centralized computer system, which reflected a failure to understand the decentralized and simple nature of the market: if two people meet to exchange anything, a market exists.

Many advocated gradual price liberalization, but its

deleterious effects are apparent in other former Soviet republics, most notably Ukraine. After almost three years of far greater economic suffering than in Russia because of limited price liberalization and consequently huge budget deficits, Ukraine finally liberalized prices to a greater degree than Russia toward the end of 1994. If Gaidar had not liberalized most prices, Russia's economic slump would have been far worse. Moreover, the greatest remaining source of illicit rent-seeking is a result of Gaidar's initial failure to convince Yeltsin of the necessity to liberalize energy prices. Politically, it is arduous to liberalize prices gradually.

Similarly, many argue that Gaidar should have accepted a larger budget deficit. However, inflation would have then been even higher. Strangely, many accuse Gaidar both of the high inflation and of being too anxious to minimize the budget deficit.

Plenty of people suggest the Russian government should have pursued an elaborate industrial policy. But if the government was not strong enough to maintain a stable currency, it could not possibly have been capable of running a sophisticated industrial policy, which Western governments rarely succeed in doing. Moreover, this demand presupposes an honest government apparatus when, in reality, corruption was prevalent.

Ironically, the reformers themselves were accused of corruption. Undoubtedly, some reformers fell into temptation, but the fundamental issue was to create a system that reduces corruption. In the short run, the only plausible way to limit corruption was to shrink the role of government to functions that could be fulfilled only by government. Gaidar's team tried to do so,

*Critics insist that the social costs of transition have been too great, but nobody in his right mind believes that the transition would not involve great costs, since such substantial restructuring was necessary.*

<sup>4</sup>See Anette N. Brown, Barry Ickes, and Randi Ryterman, "The Myth of Monopoly: A New View of Industrial Structure in Russia" (The World Bank, August 1993, mimeographed).

while most of the opposition argued for more government and, in effect, for even more corruption. The speedy Russian privatization of large and medium-sized enterprises minimized the opportunities for corruption in that sphere, and the reformers reduced the share going to state managers to the extent that it was politically feasible. The major remaining problem in this sphere is the privatization of commercial real estate; the stalemate is being exploited by corrupt local authorities.

Critics also argued that monetary policy would not work in Russia, because enterprises would only stop paying one another, thus creating their own money through inter-enterprise arrears. However, with monetary expansion, inflation has risen. With tight money, enterprises have demanded prepayment to diminish the arrears. The correlation between monetary expansion and inflation four months later has turned out to be very close, showing that monetary policy functions in Russia as elsewhere:

In the end, critics insist that the social costs of transition have been too great, but nobody in his right mind believes that the transition would not involve great costs, since such substantial restructuring was necessary. Moreover, these critics tend to favor slower reforms that have proved more costly in other former Soviet republics, and various forms of fine-tuning that have not functioned in any industrialized former communist country. Critics should face up to the fact that the regulations many of them advocated have caused much of the rent-seeking, which in turn has led to large illicit fortunes. These critics should also realize that the preconditions of the Chinese economic reforms, which they hold out as a counterexample, were completely different from those in the former Soviet bloc.

## HOW DOES RUSSIA DIFFER?

Yet, one question begs an answer: why has it been so much more difficult to undertake the transition to a market economy in Russia than in Central Europe, and why have the costs of transformation been so much greater?

Russia's outstanding peculiarity was that state enterprise managers were much stronger in relation to the government and society than they were in Central Europe. A second special problem was the dissolution of the Soviet Union and, most important, the dissolution of the ruble zone. A third characteristic unique to Russia was that its initial financial crisis was worse than that in Central Europe. A fourth problem was that communism had lasted so much longer in Russia that structural aberrations were greater there than in Central Europe—especially the distortion of relative prices and industrial structure and the paucity of market-oriented institutions. Hence, it was desirable to move faster in Russia than in Central Europe to break through

all the barriers, but initially it was less likely to succeed because these political and structural obstacles were so great.

Looking back on the first few years of the Russian transition to capitalism, it is clear what should have ideally been done. On the one hand, it was necessary to build all the pillars of a market economy through the liberalization of prices, trade, and enterprise, and through financial stabilization and privatization. On the other hand, ruthless rent-seeking had to be limited in the precarious transition period when the communist system had broken down and the market economy was rudimentary. The establishment of the pillars of a new economic system was in the interest of the population at large, while the rent-seeking was concentrated within a limited group with good connections to the old elite, who were essentially the state enterprise managers.

The problem was not necessarily the competence of the state enterprise managers, but that they rationally found it more worthwhile to make money through rent-seeking rather than profit-seeking. When the state finally closes the opportunities for rent-seeking, many managers are likely to become ordinary capitalist enterprise managers, while others will be unable to adjust. The problem during the early transition, however, was that the state enterprise managers were unwilling to accept market conditions, and to a considerable extent they benefited by refusing to adjust. Instead, they forced the government to backtrack and effectively give the managers money—through subsidies, tax breaks, subsidized credits, monopolies, or excessive stakes in privatization. There was nothing socially beneficial in this rent-seeking, which caused high inflation, a larger fall in output, and a greater concentration of wealth than necessary.

The costs of transition can be divided into the collapse of the Communist system, rent-seeking in the interim, and restructuring caused by market conditions. The sooner the old Communist system is eliminated, the less costly the collapse of communism is likely to be. And the faster the market system is erected, the less socially harmful rent-seeking will be in the interim. Thus, in the interest of the well-being of society, both stages should be passed as quickly as possible. Economists have varying views about the optimal speed for the final stage—restructuring caused by market forces—but by then most of the systemic transition will have taken place.

The politics of the transition appears less understood than the pure economics of the transition. Until August 1991, a transition to capitalism was politically impossible in Russia, because the Communist dictatorship lingered on. Russia's outstanding political asset in August 1991 was that it already had a democratically elected leader: Boris Yeltsin had received 57 percent of the popular vote in the first Russian presidential elections on June 12, 1991. Both Yeltsin and the transition

to a market economy enjoyed popular support, according to opinion polls.

Yeltsin realized that the old ministers and the old Russian reform economists were incompetent when it came to market economics. He shrewdly and boldly formed a government of young economists led by Yegor Gaidar, who understood more about a market economy than anybody else in Russia. The Gaidar team swiftly developed a radical economic reform program, which Yeltsin presented in a speech to the Russian Congress of People's Deputies on October 28, 1991; the program was approved by an overwhelming majority of deputies a few days later.

For the first year of reforms, a transition to a market economy was persistently favored in opinion polls, and when the population finally had its say in a referendum in April 1993, 53 percent supported the economic and social reform policy from 1992.

However, Yeltsin and the reform government failed to exploit this popular support to counter resistance from the old elite, which mobilized instantly. The elite's opposition was bolstered because most Russians had only a limited understanding of the market, which caused a confused public debate. The combination of widespread public ignorance and embattled vested interests created a ferocious barrage of public criticism against the Gaidar team even before the reforms were launched. The Gaidar team tried to inform the population, but its efforts were too limited to counteract the fury of the old elite. The reform government suffered badly from blatant sabotage from the former Communist state bureaucracy and Yeltsin's failure to make a clean break with the old elite.

The resistance against the Gaidar reforms from the state enterprise managers coalesced around the liberalization of energy prices in the spring of 1992, and eventually the state enterprise managers succeeded in co-opting Yeltsin against Gaidar. In hindsight, Gaidar sensibly concluded that he should have tried harder to convince Yeltsin of the need to liberalize energy prices in January 1992, when it was feasible. A vital window

of opportunity had been closed. What had not been done from the beginning of the reforms turned out to be very difficult to add. The state enterprise managers exploited the low real interest rates and the persistence of the ruble zone to push for subsidized credits. If a positive real interest rate had been introduced early on, this pressure could have been resisted, but the reform government did not control the Central Bank.

After June 1992, the state enterprise managers gained control of a majority of the Supreme Soviet, and the old Brezhnev constitution rendered the not very representative Parliament sovereign. The reformers faced a hostile coalition of state enterprise managers, the old state bureaucracy, and their supporters in the Supreme Soviet. They needed to use their popular support to put a new constitution in place and have a new, democratically representative parliament elected. Unfortunately, parliamentary elections did not occur until December 1993, after a bloody parliamentary revolt.

People who argue in favor of slow reforms out of purported social considerations typically disregard the fact that rent-seeking and corruption are outstanding features of the transition period. They also ignore the fact that the Communist state had collapsed. Complaints about excessive rent-seeking in Russia—which has certainly occurred—should be directed against those who favored a slower transition.

Today, however, we can see that whatever mistakes have been made, Russia has become a market economy. Enterprise restructuring is taking place on a large scale, based on demand and costs and not on state commands. Substantial shortcomings, such as an arbitrary tax system, a weak legal system, and a great deal of corruption, persist because state officials have too many opportunities to interfere in the economy. However, the rent-seeking characteristic of the distorted transition period has largely been limited to the oil and gas sector and commercial real estate. The Russian market economy has developed enough to allow us to presume that it will eventually be able to take care of these problems. ■

**"Observers of Russia, as well as many participants in Russian politics, often ask why Russia has not yet overcome political instability and fully consolidated a democratic regime... [But] perhaps the question should be posed somewhat differently: How has Russia's experiment with democracy, however flawed and tenuous, managed to avoid quick abortion?"**

## Democracy Begins to Emerge

BY M. STEVEN FISH

Present-day Russian politics presents myriad paradoxes and contradictory trends. The open or thinly veiled insubordination of high-ranking army officers, most visible in Moldova and Chechnya, calls into question the integrity of the executive branch of government and even the viability of civilian rule. At the same time, President Boris Yeltsin, whose imminent demise has been predicted on a monthly basis by many in the West for almost the entire length of his tenure, appears likely to complete his five-year term, and Prime Minister Viktor Chernomyrdin is now nearing the end of his third year as head of government. Strong interbranch conflict continues to bedevil national politics, but the executive and the parliament demonstrate a growing capacity for avoiding the kind of dangerous escalation of tensions that led to the bloody confrontation of September and October 1993.

Haphazard decentralization and federalization continue, yet the danger of national territorial disintegration—a subject that dominated Russian political discourse in 1992 and 1993—appears to have waned, and the mania for sovereignty that seized provincial and republican elites in the immediate post-Soviet period has in most places subsided. While statistics continue to indicate all manner of economic malaise, the long-prophesied economic crash stubbornly refuses to happen, and a burst of new entrepreneurship and economic activity, including the rapid emergence and development of a service sector, is visibly transforming an economy that only five years ago was utterly incapable of satisfying basic consumer needs. It is little wonder that there is scant agreement among specialists on even the most fundamental questions regarding the current course and future trajectory of Russian politics.

Observers of Russia, as well as many participants in Russian politics, often ask why Russia has not yet over-

come political instability and fully consolidated a democratic regime. Yet, given the nature and duration of Communist Party rule, the absence of a democratic tradition, and the chaotic and utterly unplanned manner in which the demise of the old regime gave rise to the new, perhaps the question should be posed somewhat differently: How has Russia's experiment with democracy, however flawed and tenuous, managed to avoid quick abortion? How has the new polity managed to muddle through—and recently even show some signs of progress and "normalization"—despite chaos, corruption, and recurrent crises? Why have so many disasters-in-waiting failed to occur? The answers lie in several propitious, albeit often overlooked, circumstances and trends.

### POLITICS IN 1995: THE SYSTEM AT WORK

Conflict between the president and the legislature, as well as competition between political-ideological camps, have not disappeared since the violent fall 1993 conflict that ended the life of the Supreme Soviet and closed the chapter on the Russian First Republic. But the norms and rules governing such conflict have changed markedly since then. During the first two years of the post-Soviet period, contending political forces fought their battles by means of character assassination (often through extravagant mutual accusations of corruption), threats, wild demagoguery, and, finally, tanks and bullets. Today, political conflict is more likely to be waged with no-confidence votes, vetoes, and rival public relations campaigns.

Several changes at the elite level have helped transform vitriolic, often dangerous, confrontation into merely rancorous competition. First, interbranch divisions no longer neatly correspond to ideological differences. In general terms, early post-Soviet politics pitted a relatively liberal and reform-minded executive against a conservative legislature. Since the elections of late 1993 and the formation of the new Federal Assembly, however, such conflict has become far less clear-cut. Last

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winter, Russia's Democratic Choice (RDC), the liberal party led by Yegor Gaidar, broke with Yeltsin over the war in Chechnya and took the lead in pressing the government to terminate its military campaign against the secessionist republic. This June, the progressive Yabloko Party, led by Grigori Yavlinsky, joined the Communist Party of the Russian Federation (CPRF), the Agrarian Party of Russia (APR), and the ultranationalist Liberal Democratic Party of Russia (LDPR) in passing a no-confidence vote in the government. Moreover, the president and the government, as shown by their brutal campaign in Chechnya as well as their—at best—inconsistent adherence to liberal orthodoxy in economic policy, can scarcely now be regarded as consistently "liberal." And the opposition to the war and the presence of sizable liberal parties in the Duma, the lower and more powerful house of the Federal Assembly, show that the parliament cannot be dismissed as uniformly "conservative."

Within the Duma, the experience of working together—often in opposition to the president and the government—as well as engaging in peaceful inter-party competition, have fostered a degree of professionalism and even civility in relations among rivals that was largely unknown in the old Supreme Soviet. While the antics of the LDPR and its leader, Vladimir Zhirinovsky, often capture attention in the West, deputies from other groups have managed to create a genuine, working legislature in which walkouts, shouting matches, and chronic, overwhelming absenteeism have been replaced most of the time by more normal forms of parliamentary discussion, lawmaking, and interpersonal interaction.

The experience of open politics and electoral competition has begun to domesticate some leaders who once strongly resisted democratization. A half-decade ago, Ivan Rybkin, the current speaker of the Duma and a leader of the APR, and Gennadi Zyuganov, the current chairman of the CPRF, helped organize the Russian Communist Party, one of the most retrograde organizations of the late Soviet period. Now both men, and others like them, have become adept at and habituated to open, competitive politics, and their commitment to the democratic game has grown as they have prospered under it. Visible in this process has been a Darwinian selection for "democrats"; that is, those who excel in the arts of compromise, parliamentary procedure, organization, mobilization, and public relations. A few years of practicing relatively open politics has won more elite converts to pluralism than decades of education in the virtues of democracy and a civic culture could have.

The accommodation of elite groups to open politics can be credited not only to the passage of time and the accumulation of experience, but also to the presence of a new constitutional order that, while replete with shortcomings, provides a firmer basis for peaceful political competition than that which it replaced. The

structure of the legislature and the institutional rules governing it virtually rule out the possibility that a single despotic individual may come to dominate the affairs of the national legislature—as was the case in the Supreme Soviet.

Although the new constitution, adopted by referendum in December 1993, has been justly criticized for creating overweening executive power, it did not establish a legislature that is merely decorative or necessarily subservient to the executive. The constitution itself, of course, cannot create a genuine rule-of-law state: it cannot "solve" all problems of federalism and decentralization, nor can it compensate for the absence of a coherent body of contract law, which continues to retard and distort economic development. But it has helped regulate interbranch conflict and thereby reduced the risk that government and leadership crises will degenerate into a regime crisis.

The constitution also leaves open the possibility of correcting some of its most glaring flaws. This June, deputies in the Duma from parties of all stripes launched an initiative to amend the document to limit executive power and provide for greater parliamentary control over the composition of the government. As with the United States Constitution, provisions for amendment guarantee that fundamental change will not occur overnight. Change, however, is possible, and this recent parliamentary initiative may bode well for democratization.

Elite compromise, even if it is limited to the realm of rules and norms and does not cover matters of policy and political ideology, always has drawbacks as well as advantages. A cynical observer of Russian politics might regard the mitigation of conflict as a tacit conspiracy among elite groups; all have become so vulnerable to charges of corruption and the abuse—or at least dubious use—of public office that they may regard compromise and civility as preferable to accusations and truth telling. The cynic might be, in part, right. But in a polity that lacked any workable plans to transfer power at the time of the Soviet regime's demise, much less a "pact" among competing elite representatives of various social groups defining the terms of postauthoritarian transition, progress toward constraining conflict among political actors may be crucial in avoiding fatal recurrences of political breakdown and violence.

## POLITICAL PRESSURES FROM BELOW

Popular participation in political and civic life in Russia is not high, and society is not as well developed and variegated as in several other postsocialist countries, such as the Czech Republic, Poland, Hungary, and the Baltic states. Still, Russian political society has grown in diversity and richness.

The political party system remains inchoate and underdeveloped, but it has exhibited clear signs of growth and differentiation since 1993. During the late

Gorbachev period and the first two years of the post-Soviet period, few of Russia's leading public figures showed much interest in party building. During the past two years, however, leaders such as Rybkin, Gaidar, Yavlinsky and, most recently, Chernomyrdin, have dedicated themselves to building political parties. Once mired in poverty, parties now enjoy profitable ties with wealthy private sponsors.

As parties have begun to accumulate formidable stores of human and material capital, ideological and programmatic differences among them have become clearer. Parties that enjoy substantial representation in the current Duma include libertarians like the RDC, moderate liberals like Yabloko and the Party of Russian Unity and Accord (PRUA); traditional pro-Soviet communists like the CPRF, conservative-communist agriculturalists like the APR, and nationalists like the LDPR. Several parties—most notably the CPRF, the APR, the LDPR, and RDC—have achieved membership numbers and resource bases that dwarf those of earlier alternative parties that emerged during the late Soviet and immediate post-Soviet periods. After seven decades during which political pluralism was obliterated, the process of forming political identities and organizations promises to be long and tortuous. But the progress political parties have made—however unspectacular—shows that such processes are under way.

In the realm of interest groups, growth has been most impressive among producers' and business associations. During the first two years of the post-Soviet era, such groups were mainly dedicated to retarding privatization and/or skewing it in favor of enterprise directors, and guaranteeing continued strong state support for unprofitable enterprises. These associations have since diversified and now include a number of powerful organizations, such as the Round Table of the Business of Russia and the Union of Privatized Enterprises, whose members have adjusted successfully to a competitive market and whose aims go far beyond merely securing yet another cache of cheap state-sponsored business credits.

Another realm of society that has experienced substantial, albeit mixed and uneven, growth and development is the media. While some newspapers have been undermined by the withdrawal of state subsidies, many others have emerged to take their place and have flourished. The number of daily and weekly independent newspapers has increased dramatically, and the quality of investigative journalism displayed in some of the print media now rivals that seen in top-flight Western newspapers. Television news programs have also improved markedly, with the Independent Television

Network (NTV) providing especially incisive and comprehensive news coverage. Outside the capital and major cities, however, the availability of high-quality media varies considerably. The overall quality and diversity of mass communications in Russia have improved immeasurably since Soviet times, but the uneven access clouds an otherwise improving picture.

## WHEN WORKERS DON'T UNITE

The growth of autonomous labor associations, while not unimpressive, has lagged behind the development of other social groups. To be sure, labor unrest has increased; late 1994 and early 1995 witnessed several strikes by coal miners of a magnitude not seen since the spring of 1991, when miners demonstrated considerable political muscle and contributed powerfully to bringing down the old regime. Across sectors, chronic nonpayment of wages because of corruption and the machinations of enterprise directors, irresponsibility and bungling on the part of state agencies, or a combination

of both have ignited labor activism, making it one of the most critical sources of social unrest in Russia.

The high level of worker dissatisfaction is not matched by an equally high level of organization. The repression of labor in Russia has changed since the end of the Soviet system, but it has scarcely disappeared; in no realm of social life are the legacies of communist rule more salient and debilitating than in the organization of labor. The tradition of the nonrepresentation of members' interests by official unions and coziness between enterprise administrators and trade union officials, so evident during the

Soviet period, is carried on today by the Federation of Independent Trade Unions of Russia (FITR), the huge successor organization to the old communist-era federation. The union continues to enjoy the power to collect dues from members' paychecks (typically 1 percent of earnings) before wages are paid out, enabling it to command an enormous fund.

Unsurprisingly, the leadership of the FITR, some of which remains little changed from the Soviet period, tends to regard the Russian Communist Party and the Agrarian Party as its natural political allies. The union's leadership more frequently finds itself in alliance with such parties and/or with enterprise administrations in opposition to the current government than in alliance with its rank-and-file membership in opposition to enterprise administrations. To say that the union never represents the interests of its members would be an exaggeration; under current conditions, the interests of labor and enterprise administrations do sometimes coincide. Still, the institutional endurance of formerly

official trade unions, combined with the legacy of acute employee dependence on the workplace for housing, health care, and other basic needs (especially in the company towns that the command economy produced in such large numbers), means that the bottom-up organization of labor and the coalescence of strong new forms of autonomous trade union associations are likely to be gradual and uneven.

The underorganization and dependence of labor may provide the government with greater latitude to pursue painful economic reforms. Indeed, some in Russia have speculated that Yeltsin's hesitance to strip the FITR of its dues-collection authority, despite the union's close ties with his political adversaries, stems largely from his belief that the union does more to encourage predictability and quiescence on the part of labor than to mobilize and radicalize it. Still, the institutional weakness of most independent labor organizations leaves a significant portion of Russian civil society underdeveloped.

### **NO THREATS FROM WITHOUT**

The international environment could scarcely be less threatening or more propitious for the continuation of reform in Russia. Had the country needed to maintain a high degree of military preparedness in the face of a formidable external enemy or coalition of enemies during the past several years, the democratic experiment could not possibly have survived the sharp decline that has occurred in the capabilities and readiness of the armed forces. Under prevailing circumstances, however, the debilitation of the military poses more of an embarrassment than a threat. Russia does find itself bogged down in several external entanglements, such as the conflict in Tajikistan. But these are fights that the Russian government has picked itself, and they do not represent threats to Russia's security.

Notwithstanding Zhirinovsky's ranting about the "threat from the South" and a palpable growth in resentment among many Russians toward what some regard as the West's economic and cultural imperialism, Russia could not hope to find itself in a less hazardous international environment. All the major Western governments want to see Russia maintain its territorial integrity and its progress toward democracy and capitalism. The United States and the major European countries have shown great willingness to overlook egregious human rights abuses in Chechnya for fear of contributing to political instability in Russia. Japan endures repeated indignities, including complete Russian intransigence on the Kurile Islands dispute and small-scale Russian assaults on its fishing boats, with little more than politely worded complaints. Relations with China, a country until recently regarded by many in Russia as the most likely enemy in the near future, have improved substantially during the past year, reflecting both skillful Russian diplomacy and the

Chinese leadership's desire for stable foreign relations in the face of its succession crisis.

To be sure, Russia has not received the enormous infusion of foreign aid that many expected it would at the time of the Soviet Union's demise. There has been no Marshall Plan for Russia, and the West's stingier-than-anticipated approach has reinforced a (probably unavoidable) process of disillusionment in Russia about the West's intentions and commitment. But the tight-fistedness of Western governments is hardly an unmixed curse: foreign aid cannot possibly make a decisive difference in a country the size of Russia, and what foreign assistance has been delivered has done more to fuel corruption among the bureaucrats who handle the money and enrich consultants from donors' home countries than to promote development.

### **CHECHNYA: THE THREAT FROM WITHIN**

The one unmitigated disaster that has affected Russian politics since the storming of the parliament at the end of 1993 is the military campaign in Chechnya. The operation, plans for which were hatched outside public and parliamentary purview by a clutch of officials from the military, police, and state security agencies, has revealed the extent to which full democracy and respect for human rights remain promises unfulfilled. More than six months after the invasion was launched, its fallout continues to bring tragedy. The hostage crisis in the southern Russian city of Budyonnovsk this June—during which a group of Chechen fighters clashed with Russian government forces after taking an entire hospital hostage to demand an end to the war—serves as a particularly poignant illustration.

The Chechen fiasco clearly represents a great human and political tragedy. But it may also help induce political reform. First, it has clearly convinced liberal leaders—many of whom had previously supported an extremely strong and autonomous presidency because of Yeltsin's liberal tendencies and the relative conservatism of the legislature—of the evils of unchecked executive power. In the aftermath of the Chechen war, liberal parties such as Russia's Democratic Choice and Yabloko have led efforts to begin curtailing executive authority.

Second, the crisis highlights the extent of official corruption, which may stimulate initiatives from below aimed at stemming its growth. Russian citizens scarcely need to be reminded of how extensive official corruption is, but corruption is nevertheless often accepted by a weary mass public as unavoidable and insurmountable. The Budyonnovsk affair, however, in which a convoy of terrorists moved from Chechnya deep into Russia by simply paying off police officials at a half-dozen checkpoints along the way, starkly revealed that corruption may endanger not only economic progress but also national security. Whether or not popular

indignation will spur movements for change remains to be seen. As of midsummer 1995, it is clear that the debate in Russia over the cancer of official corruption has taken on a new urgency and intensity.

Finally, the Chechen experience utterly discredits the expansionist schemes propounded by nationalist demagogues. If the Russian army cannot quell a resistance movement in a tiny republic inside the Russian Federation without ghastly human and material losses on both sides and the humiliation of the armed forces, what is left of former Vice President Aleksandr Rutskoi's plans for wresting Crimea from Ukrainian control? What remains of the appeal—to military officers or the citizenry in general—of Zhirinovsky's delusional schemes to reassemble the Soviet Union by force and expand into Iran, Turkey, and Afghanistan? The Chechen experience does not entirely discredit nationalism in Russia, but it does encourage it to turn inward, toward a "Russia first" policy and away from schemes that could lead to war with neighboring countries.

## LOOKING TO 1996

Despite progress, Russia has yet to consolidate a democratic regime. There is nothing inevitable, moreover, about future democratization or even the institutionalization of recent gains.

The events that will have the greatest immediate effect on the country's political trajectory are the forthcoming parliamentary and presidential elections, scheduled for the end of 1995 and mid-1996. Elections represent only one component of a broader landscape of political competition and development, but they constitute a significant part of it. Civil-military relations, the character and pace of state building, center-periphery relations, and other major issues and challenges will all be affected to some degree by these electoral contests.

During much of last year, it was an open question whether elections would even be held at all. During the summer, Vladimir Shumeiko, chairman of the upper house of parliament, the Council of the Federation, proposed postponing the elections for several years in the interest of political "stability." Given Shumeiko's closeness to Yeltsin, many observers saw his suggestion as a trial balloon floated at the president's behest or at least with his consent. Fortunately, a combination of public indignation and opposition on the part of politicians who felt that they had something to lose by deferring elections shot down the proposal. Thus, it now appears that elections will proceed according to schedule.

Parliamentary elections should not be regarded merely as a prelude to the presidential election. If the new Duma turns out to be as diverse, assertive, and capable of political initiative as the present one has become, it could prove able to wrest, by constitutional means, some authority from the executive and establish a better balance between the branches.

Still, given the power of the presidency and the fact

that there has been no presidential election in Russia in the post-Soviet period, the mid-1996 election will be an event of defining importance. The rules governing the election, which require the winner to receive more than 50 percent of all ballots cast and which provide for a runoff between the top two vote-getters, virtually guarantee that there will be two rounds of balloting. Despite his liabilities, Yeltsin's reelection cannot be ruled out. He may secure enough votes in the first round—15 percent or so might be sufficient in a crowded field—to make it to the second, where he could defeat a badly flawed rival such as Zhirinovsky or a gray and unappealing one such as Zyuganov. At present, Yeltsin's political health cannot be regarded as robust. His public approval ratings are in single digits, and his overall effectiveness is not high. He is no longer a credit to the office he holds. Should he decide against standing for reelection and clear the way for another right-center candidate such as Chernomyrdin, or perhaps even throw his support behind one of his liberal detractors, such as Yavlinsky, Yeltsin would be deeply honored by posterity for his courage and his many accomplishments. Should he choose to run again, he might win, but he would also—given his manifest shortcomings and inability to maintain anything other than sporadic engagement in the affairs of state—likely tarnish his own place in history.

Yeltsin aside, the outcome of the balloting is as unpredictable as any political event can possibly be. Most scenarios for the second round of voting predict a relatively liberal candidate squaring off against a nationalist or communist one. But given the electoral regime and the mercurialness of Russian politics, one could just as easily envisage a race between two liberals or between two candidates representing communist and/or "patriotic" tendencies. One outcome that should be regarded as highly improbable, despite great anxiety in the West over its possibility, is Vladimir Zhirinovsky's ascension to the presidency. Whatever attraction his calls for order hold among a populace weary of the mafiaization of the economy and the deterioration of public safety, it is highly unlikely that a majority of Russian voters would entrust presidential authority to such an unbalanced demagogue.

The manner in which elections are held—how open, fair, and free from extralegal manipulation they are—will, in the long run, count as much as or more than who wins. Of course, an unequivocal takeover of both the legislature and the presidency by virulent nationalists, unreconstructed communists, or some alliance of the two would not augur well for democratization. But Western observers should avoid conflating the electoral performance of liberal forces with the progress of democratization. The future of democracy in Russia rests more on institution building and institutional performance than the showing of parties and candidates that we might commonly identify as "democratic." ■

**"The decline of Russian military power has been under way for more than half a decade; it is just one of the aftershocks of Soviet collapse. All indications suggest that the rate of decline has actually accelerated in recent years and that a 'bottoming out' of Russian military power is not yet in sight."**

# The Devolution of Russian Military Power

BY STEPHEN M. MEYER

In the mid-1980s the cold war was still cold. Defense spending by the United States and the Soviet Union was growing as the two countries entered a new cycle of rearming. NATO and Warsaw Pact forces faced each other across Central Europe.

Today, a mere 10 years later, there is no Soviet Union or Warsaw Pact. Former Soviet allies are clamoring to enter NATO and Russia's military is literally a shadow of its former self.

In chronicling the contraction of Soviet military power, the term "evolution" may seem misapplied. Evolution generally evokes images of an organism or system moving progressively toward more complex forms of order and function. In the Soviet context, devolution may be a more fitting concept.

This is the crux of the issue: Are we witnessing a devolutionary change in Russian military power? Do the trends and patterns we have followed since the collapse of the Soviet empire—drastically reduced resources and declining capabilities—reflect the likely state of Russian military power for the next decade? Or are these trends merely noise that masks a truly evolutionary path toward a reinvigorated military?

There are two dimensions to this analysis. First we consider indicators of current directions and trends in Russian military capabilities and the use of force in support of national policy. These include resource inputs (manpower, money, technology) and force outputs (unit-manning levels, equipment readiness, logistics capacity) and address the question: How are capabilities likely to look if trends continue largely unaltered?

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<sup>1</sup>Trying to convert these ruble sums into dollars is a meaningless exercise. Given the state of the Russian economy the dollar value tells us nothing about what can be purchased, or what the economic trade-offs might be. For those who insist on knowing the dollar equivalent, at present exchange rates approximately 4,400 rubles buy one dollar.

This qualifier is the pivotal issue confronting us. How likely is it that current trends will continue? Isn't it more reasonable to assume that Russian leaders will intervene to halt, and even reverse, the decline in Russian military power? In fact, isn't it most likely that the continuing economic and political turmoil in Russia will bring to power a nationalist regime—or even a military regime—that would make rebuilding military power a priority?

Therefore, the second dimension to this analysis is an examination of political currents within the Russian military. Does the military or some faction within it have a political agenda to rebuild Russian military power? Is it capable of concerted and orchestrated activity to force a commensurate shift in state priorities?

## THE LEAN, MEAN, NONFUNCTIONING MACHINE

The following examines four broad categories of indicators: budgets; manpower; equipment, training and operations; and bases and deployments. Each taps a different aspect of military power, yet each tells the same story of unabated decline.

The most obvious—and the most problematical—place to start is with budgets and funding. The Russian military budget for 1994 was somewhere around 41 trillion rubles, although only R29 trillion was actually spent.<sup>1</sup>

The defense budget for 1995 is supposed to be R45 trillion. For comparative purposes, however, these ruble figures offer little insight since prior Soviet figures were basically meaningless. Nevertheless, some perspective can be gained by considering the fraction of the economy siphoned off for military purposes. If the Russian gross domestic product in 1994 was R630 trillion, then defense was allocated about 6.5 percent of GDP but actually consumed about 4.6 percent. This is about a quarter of the 15 percent to 25 percent of GDP that most informed observers believe the Soviet Union spent for military purposes.

Keep in mind, however, that the Russian economy is less than half that of the Soviet Union, even in the latter's waning days. Thus resources flowing into the military are substantially less than suggested by the

crude ratio comparison above. Clearly, during the past five years real purchasing power for buying military capability has declined substantially across all categories of defense spending: research and development (R&D), personnel, equipment, and operations and maintenance.

When we look inside the Russian military budget we see other clues of declining capabilities. As the table on this page shows, the distribution of Russian defense rubles has changed significantly. Weapons acquisition—R&D and production—used to account for almost two-thirds of Soviet defense spending; today it is roughly a quarter. Instead, spending on personnel consumes almost two-thirds of the defense ruble—and keep in mind that this is for a military establishment only 30 percent its former size.

In terms of missions, Russian military sources report that scarce defense rubles are going first to the Strategic Rocket Forces, nuclear weapons, materials safety, and to a lesser extent, air defense. This priority on preserving the most potent and dangerous arm of Russian defense capability leaves the army and navy—the services that shouldered the burden of Soviet empire—severely underfunded.

The situation seems bad enough, but it is compounded by the fact that the Russian government has not been paying its defense bills. Officers and soldiers often go months without pay. This past June, for example, the Ministry of Defense received funds sufficient to pay only 30 percent of its troops; most were told to expect to receive some pay by the fall.

Close to R10 trillion is owed to the defense industries for goods already delivered, a number that continues to grow. As a result, bankruptcy looms for even those enterprises with highly successful and competitive weapons programs (and in supposedly priority procurement areas) such as the S-300 air defense system. Not surprisingly, many defense enterprises now refuse defense work without receiving cash up front.

## NEITHER QUANTITY OR QUALITY

By mid-1995 the Russian armed forces stood somewhere between 1.2 million and 1.5 million men in uniform. This is only about 70 percent of its authorized strength of 1.9 million and a mere quarter the size of the Soviet armed forces of just a few years ago.

To be sure, the reduction in authorized strength is in part a nod to reduced security requirements. Russia does not possess the physical expanse of the former Soviet Union, and its leaders have disavowed the ideology of messianic expansionism that drove Soviet leaders; a 50 percent force reduction fits the new circumstances. But it is also a bow to the realities of limited resources: Russia cannot feed, equip, train, and house an army approaching 5 million people. Indeed, it cannot cope with the 1.2 million-plus it has now.

The huge gap between current authorized and actual

Russia's Military Budget by Category  
(in percent)

Spending Category	1988	1994
Personnel	25	62
Equipment	44	15
Operations and Maintenance	12	11
R&D	19	10

manpower is a good measure of how poorly the armed forces are faring. The move toward an all volunteer force—contract service—is hobbled by a gross insufficiency of funds to pay salaries and provide housing and benefits. Thus, the draft remains the most important source of new soldiers. Yet the draft has been providing only 50 to 70 percent of authorized manpower needs. The avalanche of deferments that flowed from the heady euphoria of the Soviet collapse has left only about 20 percent of the draft pool available for conscription. And a sizable fraction of this 20 percent manages to evade the draft.

The military manpower shortage is serious, but political and economic realities bar simple solutions. Despite strong arguments to end many deferments, President Boris Yeltsin's government has shied away from incurring the wrath of Duma politicians and members of the public who support deferments. To partially offset this shortfall, the government recently increased the length of service from 18 to 24 months, which merely slows the manpower drain.

The impact of the manpower shortages varies by service. The Strategic Forces are being kept at near authorized strength; safeguarding the nation's ICBMs and nuclear inventory is a prudent choice. The air force receives about 70 percent of the draftees it needs, while the army and the navy stagger in below 50 percent. There are also wide variations among regions, units, and specialties. For example, the army has only 60 percent of the vehicle drivers it requires to outfit authorized units. Many air defense radar units—especially in Russia's remote regions and border areas—sit unattended.

The quantitative shortfall has forced Russian military authorities to use the manpower it has in the least-effective and least-efficient manner. Many officers are working in positions that should be occupied by enlisted or draftee personnel. Senior officers are doing the work of junior officers. Conversely, many soldiers hold positions for which they are neither trained nor qualified. For example, new air force draftees are sent directly to line units without any training. The hope that contract service would attract highly qualified people to serve in the armed forces, thus raising performance standards, has proved to be misguided. Evidence from Chechnya testifies that contract soldiers

### Comparison of Soviet/Russian Military Power

	1988	1994
Total Troop Strength	5,100,000	1,500,000
Heavy Divisions	202	74
Main Battle Tanks	53,300	19,500
Forces in Eastern Europe	665,000	0
Annual Tank Production	3,500	~20
Annual Fighter Production	700	~13

are no more proficient than draftees, although they cost many times more. Given prevailing economic, social, and political realities, closing the manpower gap between authorized and actual levels means reducing authorized levels.

If the average Russian soldier had twice the proficiency of the average Soviet soldier, access to better equipment, and more robust logistics support, then one could argue that the quantitative drop could be partially negated by the qualitative gain. This "lean and mean" argument has enraptured many Western and Russian analysts. It is, however, an illusion.

Consider current training regimens. Former Soviet pilots flew about 150 hours per year in training exercises; NATO regulations call for its pilots to fly 200 hours per year. In contrast, Russian pilots are averaging 20 to 25 hours per year, and this number is declining. Russian army helicopter pilots have seen flying time reduced by more than two-thirds, from 100 to 30 hours. Ground force exercises, which used to be the show of shows for the Soviet army, have also been radically curtailed. There have been no division-level exercises in three years; most are company-level and below. Last year passed without a single regimental exercise. Among those exercises that do take place, many are held without using actual equipment.

Part of the explanation for these cutbacks is the simple lack of working equipment. The raw numbers of stocks of Russian military hardware, such as 19,500 tanks, mask the fact that much of this equipment is no longer in working condition and in many cases is irreparable. Tanks, armored personnel carriers, and artillery systems, ostensibly mothballed, stand rusting and abandoned in huge equipment parks. Russian army sources report that only 60 percent of the army's combat helicopters are considered to be in "working order" as opposed to over 90 percent several years ago (and keep in mind that Russian standards for things considered to be in "working order" are notoriously low).

How could this be otherwise given the severe shortage of supplies and logistical support? Fuel, lubricants, ammunition, and normal maintenance items such as

fuel filters, tires, and electronics are scarce. Consequently, hardware is not being used for fear of wearing it out. The irony is, the longer the equipment sits unused and unserviced, the larger the fraction that becomes unusable and irreparable.

Meanwhile, modernized and replacement weapons systems—to the extent there are any—roll in at a trickle. Last year the army received only 5 new helicopters (in contrast, the Internal Troops received 50 new helicopters to help deal with domestic unrest). Russian army officials report that factory retooling for the next generation of Russian combat helicopters, the Ka-50, was completed five years ago, yet none have been procured due to lack of funding. No new naval ships or submarines have been built since 1991. Russian defense industry managers report that about half of all the money allotted for armaments purchases goes to just a quarter of the defense enterprises.

Yet another part of the explanation for poor readiness levels is that most units are heavily engaged in "self-provisioning." The inability of the Russian state to support its grossly understrength armed forces means that units must find their own sources of housing, food, fuel, and funding. Electricity, heat, and water have been cut off to military bases (power was temporarily cut to the Strategic Forces central command post because the bill had not been paid!). Units are forced to undertake projects to earn money to pay for supplies or provide services in kind. Part of this bartering undoubtedly includes trade in military hardware and parts—tires for meat, rifles for vegetables—further reducing force readiness.

### RUSSIA ROLLED BACK

Even before World War II ended, Western strategists worried about the potential for the Soviet Union to project power outside its borders through extraterritorial deployments. They were rightly concerned; with the exception of Austria, Soviet deployments in Europe were quickly converted to permanent forward bases. Later the Soviet Union worked diligently to establish military facilities in other foreign countries: Cuba, Vietnam, and Somalia are a few of the better known examples.

The strategic deployment and external basing of Russian forces today is largely an artifact of the Soviet base system and the political turmoil that followed the breakup of the Soviet Union. Russian forces remain behind or have reoccupied facilities in a number of former Soviet republics that are now independent countries; Central Asia and the Caucasus, in particular, still enjoy the presence of Russian military units. Some Russian forces are part of mutual defense agreements with the former republics while others are ostensibly serving peacekeeping roles. At the same time, Russia has effectively abandoned those regions of Soviet military deployment that Western governments have his-

torically found most threatening: Russian forces have evacuated eastern Europe, the Baltic states, and (with some exceptions) Ukraine.

Yet beyond the simple and reflexive desire to maintain Russian influence in the former Soviet republics, the extraterritorial deployment of Russian forces does not reflect any overall strategic plan or perspective. One does not find synergistic force packages—combinations of appropriate ground forces, air forces, air defense forces, logistics, naval forces, and so on—but rather remnants that reflect fundamental logistical and support weaknesses. These deployments exist on a tenuous lifeline, with much of their cost being borne by the “host” states—that is, the former Soviet republics which are members of the Commonwealth of Independent States (CIS). Indeed, Russia has been using these deployments to cover some of its defense costs. While these deployments may spell trouble for former Soviet republics, which have virtually no military capability of their own, they pose little danger to the larger periphery. In particular, pretensions of a power projection capability into Asia, the Middle East, or Europe are pure fantasy.

Recognizing its economic and logistical weaknesses, the military is discussing two basic approaches to improve the ability of Russian forces to cope with regional contingencies. The first involves expanding the current forward-basing structure. Russia and the host country would invest new resources in base infrastructure and Russian forces would remain on foreign soil (this is a Warsaw Pact model). The one constraint is the fact that Russia and its potential partners do not have the resources to invest in maintaining and renovating existing bases, let alone build new ones. Russia's own military bases are in disrepair and degrade further with each passing month.

The second option involves prepositioning Russian equipment in depots and bases in the former Soviet republics but keeping Russian troops in Russia. Transporting people is far easier and more efficient than transporting tanks, artillery, and ammunition. Since Russia does not have the capacity to move large numbers of troops rapidly, this approach would address only peacekeeping and the suppression of local skirmishes. Perhaps more important, this plan does not allow Russia to “bill” the host state for personnel salaries.

Even within Russia, military basing remains an artifact of past and long since irrelevant defense planning. Driven by the need to rapidly repatriate troops from eastern Europe, the Baltics, and Ukraine, home deployments reflect convenience and accommodation, not national security requirements. The tremendous cost of building a base infrastructure to match contemporary national security needs and the fundamental logistical weakness that will endure preclude any serious redeployment or reconfiguration of the Russian military.

### Russian Forces Abroad

Location	No. of Troops
Belarus	6 air regiments
Caucasus	28,000
Moldova	9,000
Tajikistan	12,000
Turkmenistan	2,800
Black Sea Fleet	48,000

Regardless of what Russian military doctrine may stipulate, political and economic realities will prevent any meaningful improvement in Russian abilities to project military power (other than to drop nuclear weapons on an adversary) for the foreseeable future. Rather, it will continue to muddle along using the decaying remains of Soviet basing infrastructure to maintain a foothold in the former republics.

### THE POLITICS OF RUSSIAN MILITARY POWER

The state of the Russian military is to some degree the result of what has happened directly or indirectly because of explicit policy choices made in Moscow, albeit under the pressure of undeniable economic and social stresses. Russia's government chose to exempt a large portion of the country's male youths from the draft, thereby producing a manpower shortage. Russian leaders chose not to continue purchasing and modernizing large amounts of military hardware.

The fairly low priority current Russian political leaders in the Yeltsin administration and the Duma accord the military is reflected in the distribution of scarce resources among the four key security organizations. When it comes to supporting conventional capabilities, manpower, money, and equipment appear to be directed first to the Border Troops, the Internal Troops, and the Security Service, whose requirements are generally met. The armed forces (army, navy, and air force) are last in line for new resources of any type. Even those politicians and parties—such as Vladimir Zhirinovsky's followers and the communists—that claim to support higher defense spending end up voting for budgets that do just the opposite. If nothing else, this behavior speaks to the powerful logic imposed by weaknesses in the Russian economy and polity. Nevertheless, future Russian governments need not be bound by these choices. New leaders and new circumstances could produce a reassessment of the value of military power and a new willingness to rebuild the Russian armed forces.

Two remilitarization scenarios dominate most Western and Russian discussions. The first sees a strongly politicized military establishment promoting and back-

ing a nationalist leader who promises to vastly increase its allotment of human and material resources. The second sees a "man on horseback"—a charismatic military figure—taking control of the country, either by force or by election. Presumably, his well-tuned appreciation for national defense requirements and his institutional loyalties would drive him to reverse the decline in Russian military power and return the country to its rightful place as a superpower.

Common conceptions of a "politicized" Russian military are built on stylized notions of Latin American and African military establishments. These militaries are idealized in one of two forms. One model depicts them as highly cohesive organizations with strong institutional self-identification and loyalties. Representing a distinct social class (or ethnic/tribal group) within the parent society, the military also has an explicit political and social agenda. Possessing a powerful superiority in the instruments of violence, these politically active militaries are well placed not only to protect institutional resources and self-defined organizational goals and missions, but also to assert group values.

The second model sees Latin American and African militaries as representations of the political and social fractures in their larger societies. Corresponding factions in these militaries try to resolve societal antagonisms forcefully by taking advantage of their access to the nation's arsenal; coups and countercoups routinely occur.

These third world models of military politicization fail miserably in explaining past Russian or Soviet military behavior and in predicting future actions. Examining any three consecutive months of news articles or recent academic writings about Russia, one will find a ludicrous sequence of assessments trumpeting a gain, a loss, and then a gain again in the political influence of the military to account for Russian current events. Can it really be the case that the military gained tremendous influence from its storming of the Supreme Soviet, but then lost it almost immediately in failing to stop the new Duma from cutting its budget almost in half, but then regained it sufficiently to force the attack on Chechnya, but then a month or so later lost it when it could not convince the Yeltsin government to eliminate crippling draft deferments? Much like post hoc explanations of the daily rise and fall of the American stock market, these attempts to explain isolated political events in terms of relative military influence produce absurd incongruities.

In the context of the institutional history of the Russian military and the still strong threads of profession-

alism in the officer corps, we should instead think of the politicization of the Russian military in terms of increased political awareness, not political activism or intervention. Russian officers and enlisted personnel are intensely mindful of the fact that any order they receive or any action they take will be scrutinized in a highly political atmosphere; they are also aware that the institution itself has little or no capacity to protect its members. It is not surprising, therefore, that in the political, economic, and social chaos that envelopes Russia today, personal stakes dominate military institutional concerns.

Then too, manpower for the Russian armed forces continues to be drawn broadly from the populace. Because there is neither a "Junker class" nor a distinct ethnic fragmentation, the political awareness of Russian officers and troops tends to atomize political involvement by organizational members. Unlike third world

militaries in which such fractures line up coherently along class, ethnic, or tribal lines, in the Russian military these fractures cut in many unparallel directions and therefore do not produce clear and enduring alignments. This consequently undermines institutional influence and creates an atmosphere of lost confidence and indecisiveness.

Corroborating evidence comes in several forms. First we have three benchmark events: the 1991 coup against President Mikhail Gorbachev; the October 1993 assault on the Supreme Soviet; and the 1995 war in Chechnya.

In each case—and in contradiction to the expectations of most observers—the military was hesitant and indecisive in its deliberations on what

to do and in the actual implementation of orders. Practically every senior field commander and field staff contacted by then Defense Minister (and coup conspirator) Dmitri Yazov during the 1991 coup refused orders to mobilize forces to support the takeover. It is now well known—though conveniently ignored—that the military leadership did not want to approve the use of troops to storm the Supreme Soviet in 1993; it was Yeltsin's civilian advisers that forced the decision. And practically none of the Ministry of Defense's senior leaders were aware of the decision to use force in Chechnya. Again, it was civilians on the Security Council who moved the decision—contradicting Western interpretations that the military was behind the effort.

The underlying diversity of Russian military politicization is found in polling data on "military" attitudes and political preferences. In a survey reported in the

April 21 issue of *Izvestia*, officers in the Moscow and North Caucasus military districts—who are among the most politically sensitized in the armed forces—were asked if they thought restoration of the Soviet Union was desirable. Only 10 percent answered yes, while 60 percent replied that it would be best if Russia stayed within its current borders. This parallels popular attitudes among the citizenry.

The table on this page compares military and public preferences for presidential candidates. Neither group shows a marked preference for any candidate. For those concerned about a right-wing military political coalition, the results are anomalous: the public prefers Zhirinovsky over Yeltsin 2:1; the military prefers Yeltsin to Zhirinovsky by 4:3! The liberal democrat Grigori Yavlinsky has greater appeal among the public, but nevertheless ties the two military figures—Aleksandr Lebed and Aleksandr Rutskoi—among the military polled.

What is truly revealing about these data is that Zhirinovsky, among others, has made many declarations in the military press about wanting to increase defense spending. Yavlinsky, in contrast, has argued equally adamantly in the military press that economic realities prevent any consideration of increased resources going to the military. Yet he has a marginally greater proportion of military supporters.

Equally notable are surveys of negative attitudes. The April *Izvestia* poll of 615 officers found that 69 percent held a negative view of Zhirinovsky, compared with 59 percent who disliked Yeltsin. Interestingly, the same poll found that 52 percent had a negative opinion of Defense Minister Pavel Grachev. Other current and former military officials, such as Albert Makashov and Rutskoi, had equally poor showings. The latter, once considered by many to be a serious presidential contender, has no real political base within the military or outside it—not that he ever did.

Survey and interview data also fail to demonstrate any significant difference between civilian and military views on key policy issues. Whether the questions probe potential sources of threats, preferences on the orientation of national security policy and foreign policy (NATO expansion into eastern Europe, for example), or policy toward the former Soviet republics, the concentration and distribution of attitudes in the officer corps and among the troops parallel those of the public at large. Nor are attitudes toward the war in Chechnya a systematic dividing point between civilians and the military (presumptions in the Western press notwithstanding). There are supporters and opponents of the campaign in both groups and in roughly similar proportions. Military opponents have been among the most outspoken critics, perhaps because they had so little to do with the decision to use force.

Clearly, a right-wing military alliance is not emerging in Russia. A strong diversity of political views exists

### Public and Military Preferences for Presidential Candidates (in percent)

Preferred Candidate	General Public	Military Forces
Yeltsin	3	12
Zhirinovsky	6	9
Yavlinsky	14	11
Lebed	4	11
Rutskoi	4	11

in the military, and social and economic trends serve to reinforce if not accentuate those differences. Perhaps this is because Russian officers and soldiers are not a class apart from Russian society.

Of course, a small, tight-knit core of senior military officers could try to seize power. The evidence strongly suggests, however, that few if any military units would respond (as was the case in the 1991 coup) because there is no broad-based allegiance within the military today. For example, only 23 percent of officers surveyed scored Defense Minister Grachev favorably in terms of his authority, yet in examining Western press reports and scholarly publications, one finds daily references to his growing power and authority.

In contrast to African or Latin American countries, a few military units cannot control Russia. Simultaneously seizing physical control of Moscow, St. Petersburg, and a dozen other cities—which the military could almost certainly not do—would not provide the regime with any meaningful control over the population or the economy. If anything, events in Chechnya clearly show the wide gap between establishing martial law on the one hand and civil order and commerce on the other.

### NO MEN ON HORSEBACK

And what of the “man on horseback” rising up to give the country a firm hand and a steady course? In recent months General Aleksandr Lebed (now retired), the former commander of the Fourteenth Army, has been heralded as a possible Russian Napoleon. Yet a reading of the outspoken general’s views on military spending, military missions, and national security policy shows them no more extreme than those held by most moderate and center political figures in Russian politics—and indeed comparable to most of the polity.

According to the April *Izvestia* poll, when military officers were queried about their alleged champion, only 26 percent rated Lebed favorably in terms of “professionalism”—a measure that might correlate with professional/institutional identification and, hence, allegiance. In fact, Lebed did not fare any better than Defense Minister Grachev. Neither Lebed, Grachev, nor

any other Russian military officer is in a position to stage a coup. If Lebed or another military man comes to lead Russia, it will be because he was elected.

## THE IMPLICATIONS

The present Russian government is in many ways an anomalous product of the collapse of Soviet power and the rise of the nascent Russian republic; its policy orientation reflects its unique birth. It is almost certain that future Russian governments will implement new policies—including those on national security—that are a significant change from current policies. If and when that happens it will be the consequence of fundamental political and social forces in Russia, and not the relative political influence of the military.

In this respect the political candidacy of a former general or action by the Duma to increase Russian defense authorizations cannot be considered a harbinger of Russia's remilitarization. Should we assume that the United States is remilitarizing because former Chairman of the Joint Chiefs of Staff General Colin Powell is being touted as a presidential candidate and Congress has added money to the country's defense budget? In Russia today, as in the United States, there is a yearning for a leader of unimpeachable character and discipline, with a record of accomplishment and a sense of purpose. In both countries charismatic military leaders seem to fit the bill, if only in the public's imagination. Their political ascension, however, has nothing to do with national security or militarism.<sup>2</sup>

Undoubtedly there will be a number of foreign and defense policy decisions and actions Russia may take in the years ahead that will not please Western governments or Russia's neighbors. We must recognize that to a large extent these policies enjoy broad—albeit latent—political support in Russia. We only help make them popular causes for nationalists by reacting in knee-jerk fashion with admonitions and threats of sanctions.

We must reject simple and ignorant explanations of policy changes in Moscow, such as power struggles between the good guys and the bad guys. Russian unwillingness or failure to pursue a security policy that the United States approves is neither an indicator of the demise of democracy nor evidence of the rise of "dark forces." It is evidence of a maturing Russian state with interests that will not always coincide with ours.

In this respect, as United States policymakers consider America's leverage in influencing developments in Russia, they should keep in mind that America's

<sup>2</sup>The other point that should be made is that military men who take over the reins of government become much less effective agents for military institutional interests. Where previously they could concentrate their political energies on single-issue lobbying (military requirements), as heads of government they became responsible for managing and balancing all the interests of government.

ability to push Russia in undesirable directions is far greater than its ability to push Russia in desirable ones. The promotion of an eastward expansion of NATO is one poignant example where our actions galvanize a strong, enduring popular reaction against the West over what is, at present, a minor elite issue in Russia.

Even though Russia is a new country, Russian interpretation of the history of the past 70 years of relations between the Soviet Union and the West continues to produce strong currents in Russian politics. Add to this the historical baggage and the peculiarities of the politics of state building and the situation is ripe for seemingly innocuous actions by Western states that could be interpreted as meddling in internal affairs, attempts at political and economic sabotage, and efforts to permanently demilitarize Russia. Offering a helping hand and then threatening to withdraw it at each indication of a policy change in Russia may be more harmful to Western interests than not offering any help at all.

Ironically, it appears that the surest way for the United States to reduce the risks of Russian militarism or warlordism is to encourage and reinforce Russian military professionalization. Despite the bad press that the Russian (and Soviet) military have received, the history of the cold war and the recent past clearly shows that the professional military has been a moderating influence on Soviet and Russian political leaders' inclination to use force in foreign and domestic policy.

## BOTTOMING OUT

The decline of Russian military power has been under way for more than half a decade; it is just one of the aftershocks of Soviet collapse. All indications suggest that the rate of decline has actually accelerated in recent years and that a "bottoming out" of Russian military power is not yet in sight.

This decline is partly a consequence of policy decisions made in Moscow; it is even more a consequence of a wide array of political, economic, and social forces affecting Russia that essentially dictate policy choices to Moscow. Although we cannot forecast the intentions of future Russian governments, we can gain some assurance from the fact that regardless of their policy preferences, real world constraints will prevent a substantial expansion of Russian military power over the next decade.

The Soviet Union collapsed, in part, because the system ignored the serious economic and social dislocations that resulted from its infatuation with the trappings of military power. Even the conservative Russian Duma seems to understand this; the country just does not have the resources to spend on the military. And within the foreseeable future, even the most wild-eyed and militant Russian leader will run up against the realities of the nascent Russian state that limit defense policy choices. ■

Russia's war in Chechnya has ostensibly come to an end with the signing of a cease-fire in August. John Colarusso, a long-time observer of the region, examines the conflict's nationalist roots and the steps and missteps that led to the outbreak of war.

## Chechnya: The War Without Winners

BY JOHN COLARUSSO

**S**ome peoples of the Caucasus, the Chechens especially, pride themselves on their "creativity," their ability to innovate morally and militarily. An example.

During the Korean War, Turkey contributed a battalion to the United Nations force. Among its members were Cherkess, Turkish Caucasians descended from nineteenth-century immigrants to the Ottoman Empire. Two Cherkess men armed only with knives would infiltrate an opposing North Korean encampment at night, slip past the sentries, and slit only the throats of the two soldiers sleeping at the end of the line in which the North Koreans typically arrayed themselves. In the morning the next to the last man on each end would awaken to find his outer neighbor lying in a pool of blood. After a few such nights, knowing that the men on the ends were doomed, the North Koreans would fall into savage fighting among themselves at sunset to avoid sleeping at the end of the line (curiously never thinking of altering the geometry of their sleeping arrangements). In less than a week the North Korean encampment would invariably break and flee the battlefield in disarray.

This is the Caucasian technique of warfare: to kill not in numbers but in style, so as to demonstrate to the enemy the utter futility of his efforts and his arms.

### THE CAUCASUS

When seen from the vantage point of the Caucasus and its history, the Chechen war seemed perfectly natural, if not inevitable, and its suffering and brutality were sadly familiar to the specialist. There was only one aspect that was new: it was televised.

The Caucasus almost seems to have been made for war. Fifty ethnic groups live along the 900-mile-long mountain range that gives this region its name. To the south are the newly emerging nation-states of Georgia,

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Armenia, and Azerbaijan. The first two have roots in ancient Orthodox Christian cultures and kingdoms, while the third is home to the Turkified and Islamized descendants of Caucasian Albania. At the same time, four distinct forms of civilization intersect and overlap: that of the Turkic steppe, the Middle East, eastern Europe, and the Caucasus itself. The last is characterized by, among other things, a fierce love of independence and a resourceful warrior tradition that is millennia old.

Contacts between Russia and the North Caucasus go back to the sixteenth century and the time of Ivan the Terrible, who took a Kabardian princess as a wife. Russia moved against the Caucasus with imperial ambitions near the end of the eighteenth century and first met organized resistance led by Sheikh Mansur, a Chechen. After Mansur's death in 1794, there was a hiatus in fighting that lasted roughly 20 years before prolonged and stiff opposition reappeared. The ferocity of the renewed Caucasian resistance directly reflected the savagery of the "pacification" campaign launched by General Aleksei Yermolov, who made it a practice to slaughter entire villages in retaliation for the Caucasian custom of sniping at Cossack forts, such as Grozny (Russian for "The Terrible"), now the capital of Chechnya.

Events of the previous two centuries set the stage for two distinct theaters of war that emerged after the lull. The peoples along the Black Sea coast of the western Caucasus—the West Circassians (now called Adygs and Cherkess by Russian sources), the Ubykh, and the Abkhaz—had links with the Ottoman Empire and tended to view Moscow as an enemy. The myriad peoples to the east in Dagestan and the eastern Vainakh people (now known as Chechens) saw their cultural affiliation as lying with the Arab world of Sunni Islam and also looked on Moscow as an enemy. Only those in the center, the East Circassians (now Kabardians), the mountain Turks (now Karachays and Balkars), the Iranian-speaking Ossetians (the last descendants of the ancient Scythians, Sarmatians, and Alans), and the western Vainakhs (now Ingush)—all of whom had suffered prolonged raids during the sixteenth and seven-

teenth centuries from the Krim Tatars—turned to Moscow as an ally. This tradition continues today.

The war in the eastern Caucasus ended in 1859. The even more bitter campaign in the western Caucasus ended in 1864, followed by the forcible expulsion of the majority of the Circassians and Abkhaz and all the Ubykhs to the Ottoman Empire. Expulsions and voluntary emigration took place from Chechnya and Dagestan as well, so that today there are roughly 6 million people of North Caucasian descent in Turkey; another half million are scattered in Syria, Jordan, and Israel; and smaller communities can be found in Europe and North America. The North Caucasians thus form one of the world's major, yet hitherto unrecognized, diaspora.

For Russia conquest of the Caucasus was a mixture of romantic fascination for the region and its people coupled with contempt for and fear of the Caucasians' unpredictable ways and unflinching devotion to freedom. Continuing trouble in the region reinforced these sentiments. The Chechens in particular formed a nucleus of resistance because of a peculiar feature of their society. Unlike all other Caucasians, save the Lezghins of Dagestan, the Vaimakh people lack hierarchical social structures and are instead organized horizontally into clans. Thus, when Moscow tried to govern the Chechens, there were no leaders to co-opt, which required outside governors to be brought in. These governors were not only resented as aliens and conquerors, but the leadership role they were supposed to fulfill made absolutely no sense to the Chechens.

This anomaly of Russian rule contributed to a series of Chechen revolts between 1862 and 1942, culminating in Stalin's infamous internal deportations of all the Chechen and Ingush (along with others) in 1944. While most accounts give Stalin's reasons as Ingush and Chechen collaboration with Nazi German armies advancing on the North Caucasus, the actual decree merely states that both peoples had been chronic nuisances who had impeded state-planned development in the region. Even Chechen and Ingush soldiers returning from the European front were disarmed and sent into exile. The internal deportations to Kazakhstan and Siberia were brutal and resulted in massive loss of life and severe damage to culture and customs. When Communist Party General Secretary Nikita Khrushchev rehabilitated them and the other dispersed peoples in 1957, many Chechens set out on foot to reclaim their ancestral homeland.

The rehabilitation of 1957 was imperfect, causing the displacement of many of those who had been settled in the former Ingush and Chechen territory from 1944 onward as well as a plethora of land disputes and legal

claims. These claims form one of the chief causes of instability in the North Caucasus. Continued discrimination against the Ingush and Chechens on the part of Russian administrators perpetuated the Chechen sense of anger and disenfranchisement. Given this history, the present war is no mystery; it is the 37 years of peace from 1957 to 1994 that are an enigma.

## DUDAYEV AND THE CHECHEN STATE

In 1989, near the end of President Mikhail Gorbachev's reign, Soviet authorities embarked on an enlightened range of policies for the North Caucasus. In Dagestan three languages were elevated to literary status, and the Chechen and Ingush were given native administrators for the first time. The three Circassian regions, Adygea, Karachay-Cherkessia, and Kabardino-Balkaria, were made republics.

By early 1991, however, the South Caucasus had begun to break away from the Soviet Union and expressions of nationalist sentiment were emerging across the North Caucasus. War broke out in the South

Ossetian district of Georgia when its people voted to secede and join their kinsmen in North Ossetia.

Similar secessionist sympathies were also emerging in the Baltic states. In response, Gorbachev sent troops and Interior Ministry forces into Lithuania and Latvia. They failed to reach Estonia, however, because of the startling actions of the local airbase commander, a brilliant air force general named Dzhokhar Dudayev. He refused

landing rights to the troop planes, saying that he would not allow the forced overthrow of a democratically elected government.

Born in Chechnya in February 1944, Dudayev had been carried in his mother's arms into exile in Kazakhstan. Returning to his homeland at 13, he later embarked on a military career, serving with distinction in the Soviet air force in the Afghan war. Eventually he became the commander of a nuclear bomber wing, a level of military distinction achieved by few other Caucasians.

Prior to his actions as airbase commander, Dudayev had shown little sign of insubordination or democratic sympathies. He had, however, attended the All-National Congress of the Chechen People in November 1990 and had been elected its chief. His Chechen love of freedom seems to have suddenly emerged in full force a few months later while he was still far from his homeland. During the August 19, 1991, coup attempt against Gorbachev, the Chechen-Ingush governor, Dokuzayev, the first native administrator of the region, was in Moscow and is said to have backed the hard-liners. When the coup failed, Zaytsev returned to Grozny and released a belated condemna-

tion, but by that time he had already found Dудayev in place, who had condemned the coup immediately and was agitating against Zavgaev's government by calling a general strike. On September 15, Zavgaev and his government were replaced by a Provisional Council, which called for November elections. Dудayev, however, established his own Executive Council and called for October elections. Although Russian President Boris Yeltsin had originally welcomed Zavgaev's ouster, he began to have misgivings when he saw the speed with which Dудayev was moving. On October 27, Dудayev was elected president in a four-way race, and sworn in on a Koran the next day.

This election, in which a parliament was also seated, is often referred to as a sham, but there are two reasons why Dудayev was successful. First, he represented a nearly unprecedented level of manly and martial attainment that appealed to deep-seated Caucasian values. A second, crucial reason was that he belonged to a small and insignificant clan. He could thus serve as a mediator for the interests of the more powerful clans without subverting the powers of his office for his own needs.

On November 1, Dудayev declared Chechen-Ingushetia sovereign and independent of the Soviet Union, leaving behind only a small northwestern region, Upper Terek, under an uncooperative regional leader named Usman Avturkhanov (who would later play a critical role in the Chechen war). Chechen-Ingushetia thus seceded from the Soviet Union (not from Russia) one month before the Union was annulled. Not surprisingly, trouble had already begun for the new state.

As they had in the nineteenth century, the Chechens and Ingush split. On November 30, 1991, the Ingush voted to remain within the Russian republic; their Chechen kin refused to vote at all. (A formal border

has yet to be delineated between Chechnya and the new Ingushetia.)

Only days after Dудayev's declaration of independence, Yeltsin decreed a state of emergency in Chechen territory and issued a warrant for Dудayev's arrest. Dудayev responded by emptying the jails and arming all able-bodied men. The Speaker of the Russian parliament, Ruslan Khasbulatov, himself a Chechen, condemned the aspirations of "small nations." By some accounts he is said to have persuaded Yeltsin to invade the upstart republic later in the month. What happened next was virtually unthinkable.

The failure of the Russian invasion is often attributed to the Russian parliament for its refusal to sanction the action,

but this legal maneuver was of little consequence. In fact, the Chechens defeated the Russians in classic Caucasian style. Thousands of heavily armed Chechens lined the runways at Grozny's airport and surrounded the planes bringing in Interior Ministry troops. Trucks laden with aviation fuel were driven up to the planes and the Russians were told that they would be burned alive



in their craft if they did not toss out every weapon and bullet and then leave. They did as they were told. The Chechens had humiliated Russia's best and most feared troops. It was the first of many humiliations to come.

The resulting Russian withdrawal was a severe personal blow to Yeltsin. In addition, strategic facilities on Chechen soil now fell into the hands of Dудayev and his followers. By some accounts these included a prototype of a portable anti-stealth radar and at least one tactical nuclear weapon. Yeltsin's response was to order an economic blockade against Chechnya.

### DУДАЕВ'S TROUBLES

After the heady experience of tweaking Russia's

nose, Dudayev soon realized that his major problem was money. Chechnya quickly fell into such severe straits that salaries and pensions could not be paid. Despite promoting a pluralistic state in which the official languages were Chechen and Russian, Dudayev was unable to halt the exodus of skilled Russian workers that had begun in 1989. The oil industry, which had formed the base of the economy, began to decline. Chechen oil, while only 0.5 percent of the Russian total, has few impurities and has consequently been an important source for aviation fuel and high grade lubricants. According to Chechen sources, Dudayev continued to supply Moscow with oil, but failed to receive payment. Moscow, in turn, allegedly did its best to block Chechen efforts to sell oil to outside markets.

To find markets and investment capital, Dudayev turned to oil companies and brokers in the West and to Muslim governments to his south. In November 1992 he even entered the United States secretly and met with oil companies in Texas. At best these efforts attracted the interest of small, marginal companies; at worst they opened Chechnya up to organized crime networks that were not disinclined to "loaning" Chechnya money as long as they were given privileged access to its rich oil fields and potentially vast natural gas reserves. Some of these contacts may have reflected Chechen naïveté about the capitalist world, but more crucially they reflected the economic desperation that directly resulted from Russia's own embargo against the upstart nation. Yeltsin's policy toward Chechnya was largely responsible for driving this small Muslim nation into the embrace of some unsavory sponsors.

These new actors came from two sources. The first was from other Middle Eastern groups, chiefly of a terrorist nature, who could bring money even if they could not bring the recognition of statehood. The second source was from Russia itself, with both government and mafia figures first using Chechnya for arms sales and later for money laundering and drug trafficking. Russia could have solved a significant portion of its mafia problem by recognizing Chechnya and then deporting these Chechen mafiosi to their "rightful home." This was not done. Instead, Russians soon followed where the Chechen gangs had pioneered.

The social effects within Chechnya were disastrous. Corruption became rampant. Dudayev grew more reliant on his bodyguards, most of whom were drawn from the same inmates he had released in the fall of 1991. His fights with other officials, both within his own government and within parliament, became more frequent and more intense. It must be said, however, that while Chechnya's new and sinister aspect was an advantage for some, Dudayev himself seems not to have benefited personally from such activity.

The tumult within Chechnya reached a climax on June 4, 1993, when Dudayev dissolved parliament. Subsequent demonstrations turned violent, resulting in

a number of deaths. From this point onward Dudayev would rule—insofar as Chechen society permitted executive rule—as a dictator, increasingly isolated and disenchanted, and facing growing opposition.

## PRELUGE TO WAR

After the dissolution of parliament, Dudayev tried to strengthen his position by renewing Western contacts. Conferences began to be held and various Westerners invited. In response, Turkish, Iraqi, and other interests stepped up their efforts to isolate Dudayev and the Chechens from Western contacts and to bring Chechnya ever more into the fold of radical Muslim interests.

Meanwhile, Yeltsin tried to strengthen his position over the North Caucasus by appointing Yuri Kalmykov, the head of the World Circassian Congress, to the simultaneous position of minister of justice for the Russian Federation in March 1993 and by allowing the Circassians to hold a world congress in the republic of Adygea in the Northwest Caucasus that July.

In October 1993, Yeltsin strengthened his position in Moscow by storming the parliament and throwing his old foes, Vice President Aleksandr Rutskoi and Khasbulatov, in jail for good measure. Now fully in debt to the military, Yeltsin sought to build up the troop strengths of the Interior and Counterintelligence ministries as a means of weakening this dependency. These acts set in motion the entrenchment of the so-called power ministries in the form of a de facto privy council at the same time that it set the components of this privy council at odds with one another: the army against the Interior and Counterintelligence ministries. By their very nature these ministries were coercive and coercion needs an enemy to justify its existence. The privy council soon earned the name the War Party.

Negotiations with Chechnya proceeded from 1993 into 1994, but made little progress. Dudayev's political base had narrowed and his position had hardened. He insisted on speaking with Yeltsin directly, something the latter consistently refused to do. To complicate matters, Dudayev had come to face such tumult in Grozny that he was unable to fulfill the commitments his negotiators had made at the bargaining table, thus inadvertently lending a dimension of unreliability and bad faith to the Chechen side. A serious assassination attempt against Dudayev in May 1994 soured all further negotiations, and sent a message both to him and to those Russians who sought peace that the War Party would not be tampered with lightly. Three other developments, however, unfolded in the course of 1994 that set the course for war and its timing.

First, Yeltsin's popularity began to plummet as the shock of the assault on parliament began to sink into the populace and as the economy continued its decline. It was clear to Yeltsin that democracy was not his friend and that, barring some dramatic event, he would not be reelected president in 1996. The Chechens could be

counted on, if attacked, to retaliate, or so he must have thought. The resulting terrorism would justify a state of emergency and enable Yeltsin to cancel parliamentary and perhaps even presidential elections.

Second, the oil consortium that had ploughed \$8 billion into the Azerbaijani oil fields, and Chevron, which had invested \$22 billion in the Tengiz fields of Kazakhstan, seemed to be growing into a powerful commercial bloc willing to discuss Russian equity and licensing fees while remaining indifferent to issues of Russian hegemony. Chechnya lay directly on the Russian pipeline routes for both Azerbaijani and Kazakh oil and gas, and the Chechens wanted not only licensing fees of their own, but also the right to add their own oil and gas to the international deal. By June 1994 negotiations between the Russians and the Chechens had broken off.

Third and crucially, Dudayev seemed to be growing disheartened at the course of events as summer gave way to fall. He now seemed willing to accept a treaty such as that struck between Tatarstan and Russia, and he even spoke of reconvening parliament in the fall or winter and stepping down. If Yeltsin did not act quickly, he soon might not have an enemy.

Yeltsin traveled to Nalchik, the capital of Kabardino-Balkaria, delivering a speech there on May 28 that strengthened his position in the Northwest Caucasus. In this remarkable speech he admitted Russian responsibility for the Russian conquest of the Caucasus and the ensuing ethnic cleansing. He concluded, however, with a thinly veiled warning that the war of the last century had been a great tragedy for the Circassians, Ubykhs, and Abkhaz, but that a new war in this century would be an even greater catastrophe.

On August 3, Russians fanned out across Washington from their embassy to meet with American officials and discuss the need to invade Chechnya and the possibility of linking this action with America's projected invasion of Haiti by means of reciprocal endorsements at the UN.

Doubts were expressed by President Bill Clinton to Yeltsin at a summit in September. Yeltsin's reply was harsh: "You watch your backyard and we'll watch ours." The ensuing silence was taken as acknowledgment that Chechnya was Russia's internal affair and that Yeltsin could take whatever measures necessary to subdue it.

## IRON FIST

Usman Avturkhanov, the boss of Upper Terek, was now to play a crucial role. He had held out for three years against Dudayev's threats and blandishments, all the while pulling in Russian subsidies. His financial support grew and he became the focal point for disaffected Chechens, many of whom had served under Du-

dayev. A process of destabilization began, with marches and skirmishes taking place across Chechnya. Avturkhanov commanded little personal allegiance beyond his own district, but dissatisfaction had reached a fevered pitch. The opposition became split within a matter of weeks, however, by the return of Khasbulatov, who immediately started making exaggerated claims of his own influence and support. He had been hated by the Chechens because of his earlier opposition to independence, but his pariah status was sealed when he admitted to bombing the interclan meeting house in a Grozny suburb in late November. He had struck at one of the most cherished aspects of Chechen culture, the social force of the clans. Dudayev seized on this bombing to launch heavy attacks against his opposition. Avturkhanov managed to hold to his district, but Khasbulatov fled. Back in Moscow he complained with ill-concealed fear that something had to be done about Dudayev's "iron fist." Sergei Stepashin, the director of Counterintelligence, thought he had the answer.

Stepashin set about organizing a large-scale assault on Grozny, reluctantly enlisting the help of Viktor Yerin, director of the Interior Ministry, but receiving no cooperation from Pavel Grachev, the minister of defense. This did not, however, stop Stepashin from hiring some of Grachev's soldiers, without the latter's knowledge.

The raid of November 28 was the second Russian humiliation. A large column of tanks, armored personnel carriers (APCs), and munitions trucks rolled into Grozny. The media depicted this as a bungled attack, but the soldiers merely intended to scare Dudayev's men away. The Russians expected the Chechen people to rise up in support of Avturkhanov and finish off Dudayev and his supporters. This fanciful scenario, of course, did not transpire and those opposition fighters and Russian mercenaries who could not flee were captured along with their weapons.

Grachev at first denied that any Russians had participated in the attack, but was stunned when Dudayev exhibited captured Russian army members. Grachev then joined the War Party, perhaps to redeem Russia's honor as he bested Stepashin. On December 1 he voted at a cabinet meeting to use full force against Chechnya. In attendance was Minister of Justice Kalmykov. He was shocked when the vote was called without discussion and voiced strong objections. The next day he was forced to resign.

On December 11, three armored columns rumbled into Chechnya while Yeltsin sat in a hospital waiting for a nose job. The Russian leader may have been trying to shield himself from direct responsibility for the invasion, and let his subordinates hold the front line.

From the start, the invasion did not go well. Two columns passing through Dagestan and Ingushetia were harassed by the locals, with soldiers in Dagestan

taken prisoner, and with tanks and APCs burnt in Ingushetia. The third column that had entered Chechnya directly from the north was met by lines of women and old men blocking their routes. The response was unprecedented. The field commanders stopped their advance and announced before world television that they would not attack.

Back in Moscow a chorus of protest erupted not only from the parliament and the public but from the high military command. For example, Deputy Secretary of Defense General Boris Gromov openly and harshly criticized the invasion. Mothers of conscripts organized themselves into the Mothers' March for Peace and traveled to Chechnya to reclaim their sons.

Such protests clearly astonished Yeltsin and his War Party. They had counted on achieving a swift victory and had assumed that no one outside the Caucasus would shed a tear for the feared and disliked Chechens. The protesters may not have cared for the Chechens, but they understood instantly what it took the West months to realize: that the invasion signaled the emergence of the power ministries as the preeminent political players in Russia.

The invasion faltered because of local actions and dissent from the field commanders, and in late December Grachev took personal control of the operation. In an apparent rush to make good on an earlier boast that Grozny could be taken in two hours, Grachev decided to attempt one of the most difficult military tasks: taking a city street by street. This would lead to the third humiliation inflicted on the Russians by the Chechens.

The Russian assault on Grozny was hasty and ill-prepared. The Chechens set out in small guerrilla groups to face the heavily armed but inexperienced Russians, often using the extensive tunnel system under the city to emerge, attack, and then vanish. Time and again entire formations of Russian tanks were destroyed by Chechens wielding nothing more powerful than grenade launchers. The street fighting would reach a peculiar and ugly crescendo on New Year's Eve.

At the start of the invasion, Interior Ministry agents began to round up and sometimes execute Chechens in Moscow, especially those suspected of being in the mafias. One might see in this a prophylactic measure against Chechen subversion from within, but it was also consistent with the recurring rumor that there were just too many Chechens both in Moscow and Grozny who knew too much about illegal dealings on the part of highly placed Russian officials. Its chief effect, however, was to bring one of the mafia heads,

known only as Ramazan, to Grozny near the end of December. There he pledged the wealth and manpower of his large mafia to the fray even as he denounced Dudayev and Chechen statehood. Whereas Dudayev had been scrupulous to take Russian prisoners in the fighting, the mafia warriors shot Russian captives on the spot. The new influx of arms and men resulted in Russian slaughter on a stunning scale. The Russians withdrew to the outskirts of the city. It was at this time that the strange reports and rumors began.

Grachev's birthday is on or about New Year's Day. A reliable source reported that, in a scene worthy in its debauchery of Stalin and his cohorts, the power ministers had held a party for Grachev. In drunken exuberance they decided that for Grachev's birthday present they would annihilate Grozny. The bombardment of the Chechen capital began shortly afterward. In fact the only alternatives facing the Russians were to accept defeat, to lay siege to the city, or to bombard it. The first would have toppled the Yeltsin government while

the second seemed unacceptable, not only for reasons of the temperaments involved but because it too would probably have led to the eventual overthrow of at least the War Party. Besides, the debacle of New Year's Eve, when the Chechens inflicted heavy causalities on the Russian forces in Grozny, was the tangible realization of the Russians' worst fears of the Chechens. Most likely the troops would have mutinied rather than go back into Grozny to face the elusive and deadly Chechen fighters. The Russian com-

mand had little choice but to follow the last alternative and attack Grozny from a safe distance.

The bombardment of Grozny lasted most of January. From the start it was an exercise in excess. At its peak, reportedly 4,000 shells and bombs an hour rained down on the city. Yeltsin's own human rights minister, Sergei Kovalev, showed incredible courage by arriving in Grozny in December and staying throughout most of the bombardment, sharing a bunker with Dudayev under the Presidential Palace and observing the treatment of the Russian prisoners who had been brought there. Later he and his associates estimated that more than 25,000 civilians had died in Grozny, many of them ethnic Russians unable to flee the city.

Obstacles awaited those who did leave. In a move similar to that used in the 1944 deportations, relief offices were prohibited from recognizing Chechens as refugees and hence from offering them assistance. Most (often male) Chechen refugees were either taken away and shot or were interrogated under inhumane conditions at "filtration" camps. Even the International Committee of the Red Cross noted in one of its reports

at this time that there seemed to be no Chechen prisoners of war in Russian hands.

As to Russian military losses, the official figures, generally below 2,000, seem to be ludicrously low. Other reports give figures that range from 1,800 to more than 5,000 killed. Whatever the exact number, Russian troop losses were extremely heavy and represented a potentially explosive political issue.

The Presidential Palace fell on January 19. This was the effective fall of Grozny and the war shifted to the countryside's towns and villages. In the months after the fall of Grozny a bewildering series of events and rumors unfolded. A new provisional Chechen government was brought in by the Russians. Avtukhanov had been eclipsed and in his stead was Salambeg Khadjiev, a former oil minister under Gorbachev. He was chosen not because of his past petroleum industry links, as some have suggested, but rather because he was widely respected within Chechnya, was highly educated and worldly, and was above reproach.

In February, the author received a commitment from Dudayev through an intermediary to enter into unconditional exploratory talks. Efforts to begin these, however, were thwarted by actions on the part of the War Party. Prime Minister Viktor Chernomyrdin's continuing efforts to initiate peace talks were similarly thwarted by Russian field commanders, despite Dudayev's apparent willingness to negotiate unconditionally.

Besieged in the hills, hunted by Counterintelligence agents, and conducting a guerrilla campaign over rough terrain against the Russians, Dudayev now found himself in a political battle with an array of outsiders. In the spring, radical groups from Algeria and Afghanistan began to infiltrate into Chechnya through Azerbaijan, bringing along weapons, including Stinger antiaircraft missiles. Dudayev welcomed the weapons and support, but tried his best to make these new allies serve his agenda and not their own.

The slaughter of innocent civilians in the countryside seemed as senseless as it had in Grozny. One Russian colonel, Vladimir Pugachev, offered an explanation to the Associated Press on February 12: "War is war and today's peaceful population could include tomorrow's fighters." The genocidal implications of this comment seem not to have bothered the colonel. The war in the countryside simply was not televised until Samashki; there, from April 7 to 9, Interior Ministry troops staged a rampage against unarmed townsfolk that resulted in hundreds of deaths. The killing seems to have prompted President Clinton to publicly insist on April 28 that a full truce be put in place in Chechnya before the May 10 summit in Moscow commemorating the fiftieth anniversary of victory in Europe.

The May summit was held with great fanfare. In the West, however, it served merely to bring the whole Chechen war back into public attention and to call into question Western public support for Yeltsin. Although

Chechnya was raised in private discussions between Clinton and Yeltsin, in public all went smoothly until the end of a veterans' parade. The last group to pass before Clinton and the other attending heads of state was one that had served in Chechnya, an explicit violation of prearranged understanding that no troops that had fought in Chechnya would appear. Some diplomats tried to save face by denying that these troops had actually seen fighting, but the Russian Defense Ministry called the embassies and media the next day to assure all concerned that those same troops had indeed participated in the assault on Grozny. This action would have repercussions at the Group of 7 (G-7) summit in Halifax the next month.

One of Dudayev's most remarkable feats throughout this war was his ability to restrain bereaved Chechens from fulfilling their obligation of vendetta. Vendetta, however, can be slow in coming, enduring for seven generations after an offense. This may account for those scenes of Chechens methodically recording the serial numbers on fighter planes so that at some future date the pilot or his descendants could be traced and killed. Such behavior merely served to fuel the Russians in their campaign to kill Chechens, since they felt it necessary to protect themselves and their children. Viewed in this way, the Russian conduct in Chechnya may make a bit more grim sense. But facts always get in the way of logic, and in one village 11 young women were raped, murdered, and dismembered by Interior Ministry troops. The women happened to be cousins of Shamil Basaev.

### **"BANDIT OF HONOR"**

Basaev turned in his grief to an old and venerated Caucasian institution, the *abreg*. While this term is generally translated as "bandit of honor," it actually refers to someone whose grievances are so great he feels justified in renouncing all social allegiances so that he may set out as a morally transcendent renegade to seek vengeance. Basaev turned to a number of other fighters, all of whom had also taken the oath of *abreg*. With nearly 100 such men he set off for the sleepy town of Budyonnovsk in the neighboring Stavropol district to stage, on June 14, the eve of the G-7 summit in Halifax, one of the more spectacular terrorist raids in history. This was the fourth abject humiliation inflicted upon Russia by the Chechens.

Penetrating Russian defenses and traveling unimpeded across nearly 200 miles of open country, Basaev and his followers arrived in the city of Budyonnovsk, which, up to that point, had carried on with its affairs as though a war had not been raging within a few hours' drive. Basaev and his men shot up a city of 100,000, killing roughly 60 people outright. They then herded nearly 2,000 hostages into a local hospital and held off all efforts to storm the building. In the course of the hostage taking, the Chechens held Russian women up

to the windows as shields, taunting the Russian troops to shoot them as they had shot Chechen women.

Yeltsin mishandled this event in a fashion that was commensurably grotesque in its own political way by leaving the country for the G-7 summit. In an act that smacked of a diplomatic vendetta, President Clinton, British Prime Minister John Major, and German Chancellor Helmut Kohl inveigled Yeltsin into attending a street circus performance. There, he was photographed by the media at roughly the same time that Russian troops were obeying his orders to storm the Budyonovsk hospital. This footage did not play well back in Russia.

This created an opportunity for Prime Minister Chernomyrdin to negotiate, on live television, the release of the Russian hostages and to embark finally on talks that led to a partial peace agreement on July 30. In the ensuing scandal Yeltsin had to gut his power ministries, dropping Stepashin and Nationalities Minister Nikolai Yegorov from their posts and transferring Yerin from Interior to a subordinate position in Foreign Intelligence. Yeltsin himself then seems to have suffered a heart attack and was away from his office for one full month.

## THE CEASE-FIRE

The current peace talks deal with such issues as the exchange of prisoners, new elections, troop pullbacks, and disarmament. They leave for a future date the all-important matter of Chechnya's status, though the republic's continued existence as an autonomous entity has been assured; Dudayev has accepted, in principle, a relationship like that enjoyed by Tatarstan. The hard part will be building a consensus among the Chechens for this, or any other status. Now even the idea of independence means for many simply economic hardship and corruption. Nevertheless, the talks have become polarized over this exact issue.

The Chechens have come to the grim realization that they are linked with Russia in profound ways, regardless of the legal terms that are eventually used to spell out some agreement.

The military accord of July 30, to which Yeltsin has lent his support as of August 30, may have stopped most of the mayhem and slaughter, and brought an end to further destruction, much of which might have unfolded in the Russian heartland in the form of terrorism. Also, this agreement, which one of its chief architects, the new interior minister, General Anatoli Kulikov, has noted will not make many people very happy—either in Moscow or in Grozny—may have set in motion political changes within the Kremlin that in the long term will be in the interests not only of the Russian and Chechen peoples but of the West as well. It can only be hoped that it holds and leads to a genuine peace. Clearly this conflict is a long way from being fully resolved.

While by mid-August some bands of Chechen fight-

ers had disarmed and some Russian troops had pulled back, other Chechen guerrillas had renewed their activity in Grozny so that nocturnal fighting has become both intense and routine. Two hundred guerrillas seized a police station in Argun on August 21 and were only dislodged by strong Russian military action. The Chechens appear to be splitting into peace and war factions, the latter encouraged by Russia's disturbing inability to decisively control the arena of guerrilla activity. If the talks lead to some peace agreement, that peace will be very fragile indeed, resembling a chronic low-grade guerrilla war rather than a state of civic tranquillity.

## SURVEYING THE DAMAGE

The significance of this bloody seven-month-long war cannot be overestimated.

For the Chechens it has been a period of intense suffering that they will long remember. They have suffered great losses, not only in terms of lives but also in terms of cultural institutions that were destroyed with Grozny. They will need substantial help.

For Russia the war has revealed deep-seated weaknesses in Boris Yeltsin's vision of government and in the capabilities and intentions of his ruling circle. Further, the effectiveness and leadership of the Russian military and related power ministries have been exacerbated. The top ranks of the army are now filled with angry generals who denounced the war and their boss, Grachev. Some of them may turn to politics while others may turn against the government more directly.

The political costs have been exorbitant. As for Yeltsin himself, no one is making projections about his staying power, but his career has now taken on the aspect of tragedy. No one now thinks that Yeltsin is seriously committed to democracy or to economic reform. No one now believes that Russia is a normal state and not the rump end of an empire that may yet undergo further devolution. And no one now believes that Russian political culture is evolving from its old authoritarian patterns toward a rule of law.

As for the West, however future relations between it and Russia may evolve, the changes brought about by the war in Chechnya seem impossible to undo. No one can return to the optimism that prevailed between 1991 and 1994. Misgivings have become implacable suspicions, and weaknesses are seen as fundamental flaws. Oversights have now assumed the form of insults.

The other profound effect, thrust upon both Russia and the West, is the clear understanding that traditional calculations of strategic advantage and tactical strength are incomplete without a full understanding of the cultural heritage that has shaped the goals, style, and character of a nation. In Chechnya, that warrior heritage was best summarized by a Chechen fighter in Grozny who, when asked why he continued to fight, replied, "It is better to sleep in the ground than to live on your knees." ■

"Although their political styles vary from 'Oriental' potentates to pseudo-Jeffersonian democrats, Central Asia's presidents have made a fairly effortless transition from Soviet republic leaders to heads of independent states... But within the next five or so years there will be a generational change in Central Asia, and only then will the stability of the region be tested."

## Central Asia: The Calculus of Independence

BY MARTHA BRILL OLCOTT

In December 1991, the five Soviet Central Asian republics became independent states, giving scholars and journalists free rein to speculate on what this unexpected development might mean for the region itself and for international security. Many of their initial forecasts were quite pessimistic, provoked in part by the outbreak of civil war in Tajikistan. Commentators wrote of how growing support for Islamic fundamentalism could threaten political stability, of possible interethnic clashes between local Russians and the Central Asians, of the dire economic consequences that would accompany the end of Moscow's "hand-outs," of how regional security would be threatened by a Turkish-Persian rivalry for control of the region, and how the new states would be pressed by events to get back under Moscow's protection, regardless of the cost to their new independence.

Four years later, Central Asia is a far less frightening place than any of these doomsayers anticipated. Yet most of the problems that various foreign and local observers identified remain unsolved. The region is neither a bastion of democracy nor a showplace of capitalism. The new states have found that the transition to independence is a difficult one even under the best of circumstances, and having to dismantle a centrally managed, state-owned economy as an early task of independence certainly has compounded problems.

### THE ECONOMICS OF INDEPENDENCE

Yet the economic consequences of independence for most of the Central Asian states have been no worse than elsewhere in the former Soviet Union. The go-slow attitude toward economic reform in Uzbekistan and Turkmenistan in particular will mean a longer transition period in these two states, though their lead-

ers' caution softened the initial economic shocks experienced by the population. While it is too soon to know whether such decisions will prove destabilizing in the long term, in the short run they have aided the cause of political stability.

In fact, there has been a near obsession with political stability in Central Asia, and in all five countries the goal of democratization has been regularly sacrificed on its altar. These policies seem to have paid off for now—the region is in no immediate danger of implosion—but it may well be that long-term advantage has been sacrificed for short-term gain.

The same may also be said about the foreign policy strategies pursued by the region's states. All five have been susceptible to foreign influence, and this has sometimes pushed them into promoting economic development strategies that are internally inconsistent or not necessarily to their long-term advantage.

The international financial community has played no less critical a role here than in Russia; currently the recipient of more per-capita assistance than any other post-Soviet state, Kyrgyzstan has allowed foreign economic experts to virtually dictate its reform program. Since its withdrawal from the ruble zone in November 1993, Kazakhstan's economic strategy has been almost as closely shaped by international experts as Kyrgyzstan's, although given Kazakhstan's greater natural resource base, per capita aid has been far lower.

In both countries the international community turned a relatively blind eye toward the dissolution of legislatures (which occurred in Kyrgyzstan in September 1994 and in Kazakhstan this March). In addition it offered no criticism of the constitutional downgrading of the powers of the legislature that has occurred in both countries, because the sitting legislatures in particular and representative politics more generally were depicted as the enemies of major economic structural reform.

However, the restructuring of Central Asia's econ-

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omies has been more complex than the international community initially thought it would be. Foreign investment has been slow to come to the region, although Kazakhstan is something of an exception, having received more direct foreign investment than any other post-Soviet state (including Russia itself). In Kazakhstan, however, few new jobs have been created while many old ones have evaporated as overall industrial production is only about half what it was at the time of independence; even oil production has dropped, as it has in Turkmenistan as well.

While there is no shortage of foreign energy companies interested in funding the joint development of Central Asia's fossil fuel resources, the question of pipeline construction has become a political hot potato. Russia claims residual equity rights in all the Caspian Sea basin's energy reserves and wants all new gas and oil pipelines to go through Russia so it can profit from transportation revenues as well. And despite the lower than expected revenues for American oil firms involved in the region, Washington, fearful of damaging its evolving special relationship with Russia, is reluctant to press Moscow too forcefully on the question (moreover, the more economically attractive alternative pipeline routes go through Iran).

Most of Central Asia's economic problems are tied in one way or another to relations with Russia. Russia continues to be the major trading partner of all five states (it has virtually carried Tajikistan's economy). However, the region's states have had little success, either individually or in concert, in influencing terms of trade with Russia. The one recourse they have had is nonpayment, and even this has generally not been a voluntary action but a consequence of their own indebtedness and Russia's growing insistence that trade be in hard currency and reflect a price structure that is at or near international norms.

Increasingly, as the Central Asian states fail to pay, Russia simply refuses to offer goods for delivery, often with little regard for the consequence to Russian suppliers. Factories throughout Central Asia have been closing down, which has had especially dire effects in Kazakhstan, where industry occupies a dominant role in the former republic's economy and provides employment for a substantial proportion of the country's large Russian population. There, as elsewhere in the region, the disruption in industrial production has sparked the departure of Russians—nearly a half million people per year since independence.

Central Asia's Russians have left for other reasons. They fear discrimination and believe that if not they, then certainly their children will be forced to live as second-class citizens. They see that although Russian remains in wide use, the local languages are now the

only official ones, and within a generation they will certainly dominate public life. And while all the Central Asian governments are trying to keep skilled Russians from moving on, many Russians, as long-time representatives of the majority culture, feel a sense of displacement living in a minority community. Pressed to make a choice between competing allegiances—only Turkmenistan formally recognizes the right of dual citizenship—most who can find suitable employment abroad or in Russia choose to leave.

Yet the outbreak of violence between Europeans and Asians—between Christians and Muslims—that so many feared initially shows no real sign of developing. In Kazakhstan, a state whose population is split roughly equally between Europeans and Asians, the overwhelming majority remains more concerned with economic problems than with interethnic tensions, and the threat of secession of the Russian-dominated border regions seems a distant possibility.

Local Russians do not like living in newly independent Muslim countries, but one thing that is tempering their displeasure is that all five Central Asian states are

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*The region is  
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predominantly secular societies, still conscious of a shared Soviet past (only Uzbekistan did not celebrate the fiftieth anniversary of the Soviet Union's victory over Nazi Germany). At the same time, it is becoming increasingly apparent that all five are at least in some fashion Muslim countries. Only the constitution of Kazakhstan fails to accord Islam a special rôle in the state and does not recognize the major Islamic holy days as state holidays. While the public role of Islam is still muted in Kazakhstan and in northern Kyrgyzstan, elsewhere it is quite commonplace to see women in *hijab* dress, covered from head to toe.

Yet predictions that religious-inspired violence would spread from Tajikistan (where pro-Islamic rebels battled former communist officials) to neighboring countries have yet to bear fruit. In part this is a product of the vigilance with which the local regimes have applied laws banning religious organizations. That the authorities have been able to apply these laws without creating the kind of backlash of terror found in Algeria and Egypt suggests that popular support for radical Islamic groups is limited. This also suggests that the people of Central Asia—and not simply the leaders—have been frightened by the prospect of Tajikistan's war either spreading or sprouting anew elsewhere in the region.

#### TAJIKISTAN'S WAR—NOT A HARBINGER

For the moment there seems little reason to fear any "domino effect" from Tajikistan's lingering civil war. Certainly, political conditions in Tajikistan are far from stable. Ironically, the fighting there has been a catalyst

for improved regional cooperation rather than exacerbated competition between the states. This does not mean, however, that the situation in Tajikistan does not put the political order in neighboring states at risk.

Approximately 1 million Tajiks live in Uzbekistan, while roughly the same number of Uzbeks lives in Tajikistan; the majority of these irredentist populations lives near the borders of these two states. A mass migration of Tajikistan's Uzbeks would place Uzbekistan's Tajik population at risk, and fear of Uzbek reprisals has been so great that there has been a virtual news blackout in Uzbekistan on any interethnic fighting that occurs during the course of the Tajikistan war. The fragility of relations between the two peoples is a major reason for Uzbekistan's military intervention in Tajikistan as the largest non-Russian member of the Commonwealth of Independent States (CIS) peace-keeping force in Tajikistan.

Initially, from 1992 to 1994, the government of Uzbek President Islam Karimov hoped that armed force could keep a "friendly," old-style regime in power in Tajikistan, where a victory by "democratic" and "Islamic" forces would inevitably embolden their counterparts in Uzbekistan. But over time the need to bring an end to fighting has become paramount. Now the Uzbek president is advocating a negotiated settlement. The war's continuation has added a new set of risks to the region. Tajik "freedom fighters" are being professionally trained in Afghanistan and Pakistan, and refugee children are being educated in activist-oriented fundamentalist medresseh, or Koran schools. (Compared to the generation of leaders that such socializing experiences are likely to produce, the current Tajik opposition is composed of true moderates.) The fighting in Tajikistan has posed a growing threat to the stability of Kyrgyzstan as well. The Kyrgyz also had an irredentist population in Tajikistan, most of which has moved to the Osh region, but drugs, arms, and religious missionaries have made their way from Afghanistan, through the Pamirs into Tajikistan, and then up through the mountains of Kyrgyzstan's Osh oblast onto the main transportation grid of the former Soviet Union.

Osh is an integral part of the Fergana Valley, and was the site of violent Uzbek-Kyrgyz clashes in 1990. When Moscow still commanded strong forces whose authority was recognized throughout the region, it was easier to contain such conflict. Now it is hard to know what kind of ripple effect even a small, isolated clash could produce. This is something that quite correctly frightens the Central Asian leaders, since independence has brought the new states of Central Asia a much larger capacity for mutual destruction.

## INESCAPABLE ALLIANCES

This potential for destruction has led to greater and more self-conscious efforts at cooperation between the

five states. When, in the spring of 1995, Uzbekistan began to push for a negotiated settlement in Tajikistan, President Karimov successfully pressed fellow Presidents Askar Akaev of Kyrgyzstan and Nursultan Nazarbayev of Kazakhstan to modify their policies as well, and then all three in concert began to urge Moscow to force Tajik President Imomali Rahmonov to change his behavior toward the Tajik opposition.

Although the focus of negotiations has now moved to the region itself, it is clear from their actions that the Central Asian leaders realize that Russia is central to any solution to the war in Tajikistan. Tajikistan is Russia's client state, but even if it were not, Russia would see its security interests as being violated if the Central Asian states were able to work out a solution without Russian participation.

From the onset, Russia has sent mixed signals about regional cooperation initiatives originating in Central Asia. There is no question that Russia opposes any effort by Turkey or Iran to act as a foreign protector for the region, and has criticized the activities of ECO (the Economic Cooperation Organization, which includes Turkey, Iran, Pakistan, Azerbaijan, and the Central Asian states) when they appear to encroach on prerogatives of the CIS.

This creates a dilemma for the region's leaders. The new countries are eager to stabilize and extend their statehood to become less vulnerable to various forms of pressure from Russia. The creation of some form of effective regional organization, even one that excludes non-CIS members, would be one way to do this, since it would increase everyone's sense of security and allow for common solutions to common economic problems. However, despite regular meetings by the leaders of all five Central Asian countries since independence, an organization has not developed. Tripartite efforts that emerged from these regional initiatives have been only slightly more successful. Following the introduction of national currencies in 1993, Kyrgyzstan, Kazakhstan, and Uzbekistan created a formal customs union, but most of the provisions of the various agreements signed by the three states have yet to be fully implemented.

The lack of full implementation stems in part from a lack of resources, including enough competent technicians, to exert the economic control necessary to make the agreements work. In addition, the initiatives are at odds with various bilateral agreements that the states have signed with Russia. Varying dramatically in terms of size, population, and natural resources, the five states have widely differing liabilities and strengths, and consequently each has developed a unique relationship with the former mother country.

Populous, relatively well endowed and well developed, and set in the heart of Central Asia, Uzbekistan can afford greater independence of action than Kazakhstan, which not only shares a vast border with Russia

but also a large number of people who feel at least some loyalty to the giant northern neighbor. Geography and demography alike dictate that Kazakhstan and Russia will remain bound together, like it or not. Hence Kazakhstan has joined a customs union with Russia and Belarus, while Uzbekistan is still haggling over terms with Moscow. Similarly, Uzbekistan refuses to share with Russia responsibility for supervising their non-cis borders, while Kazakhstan has entered into a close military alliance with Russia.

Kyrgyzstan and Tajikistan have even fewer choices; they must work with outside powers or cease to exist: they are too small, too remote, and too poor to do otherwise. What they must fear is too much sovereignty, rather than too little. The isolated populations in these former republics appear nearly as different to one another as Kazakhs and Russians do in Kazakhstan. This has introduced many of the same features of demographic tension felt in Kazakhstan, despite the fact that most of the people in Kyrgyzstan and Tajikistan are nominally the same nationality. However, the poverty and isolation of these two smaller states—compounded in the case of Tajikistan by the ravages of civil war—make the issue of survival more pressing than it is elsewhere. This has led Tajikistan to practically turn over the management of its economy to Russia, and Kyrgyzstan to submit its defense-related industries to joint management. In addition, both states have comprehensive security agreements with Russia.

Turkmenistan shares contrasting features found in the other four states. It is big, but its population is small. Demographically it is relatively uniform, but continued clan rivalries introduce features similar to those of ethnic dissension. Finally, the state is wealthy but also poor; not well developed under Soviet rule, it remains dependent on the Russians for assistance in marketing and—more important—collecting for the sale of the natural gas that ought to make it rich. Turkmenistan's special economic relationship with Russia has left President Saparmurat Niyazov unwilling to meld Turkmenistan's economy with the economies of Kyrgyzstan, Kazakhstan, and Uzbekistan, which has put a damper on regional economic initiatives.

All of Central Asia's rulers realize, however, that while they might have little choice but to develop close relations with Russia, these ties will not in and of themselves provide solutions to their nations' economic problems. All interconnections with Russia notwithstanding, what Russia wants from each of these states is often not to their long-term advantage; Russia seeks economic advantage for itself, without incurring cost. Russia's priority in doing business in Central Asia

is that contracts be designed to maximize profitably for the Russian partner, or to achieve market control. Russia seems clearly to be moving toward a policy of differentiation in its dealings with the former republics, marking some industries and some regions as being of greater intrinsic interest, and some of lesser.

### **BLIND FAITH IN STABILITY**

While Russia remains an insistent presence in the region, it is a less reliable partner than it was previously. This has led to a strong sense of shared fate among the region's leaders. All remember how two former party bosses were driven from power by hostile crowds in Tajikistan (Kakhar Makhkamov in September 1991 and Rahmon Nabiev in September 1992), and all fear for their continued tenure.

The region's leaders also take strong note of developments in one another's republics, and often help shape their responses to local political crises by what a fellow president has managed to "get away" with. It is hard to imagine that President Nazarbayev was not influenced in his March 1995 decision to disband Kazakhstan's parliament by his knowledge that Kyrgyz President Akaev, reputedly the region's most democratic figure, had done the same thing six months earlier. Similarly, Nazarbayev's decision to extend his term as president through a popular referendum one month later was undoubtedly influenced by Karimov and Niyazov having done so months before; President Akaev also contemplated a similar referendum until strong pressure from the United States kept him from following suit.

The decision to extend presidential mandates through referenda is a good example of the hypersensitivity of Central Asia's leaders. None of the region's current leaders is vulnerable to defeat in an election, at least not now. Central Asia's Russians and local nationalities are generally very conservative, and strongly respect authority. However, Central Asia's presidents are not so much concerned by the prospect of imminent defeat as they are by the appearance of weakness, which they see as implicit in facing a competitor in a contested race.

The use of a referendum rather than an election is just one of many ways that the institution of the presidency has been strengthened throughout the region. The postindependence constitutions of all five states provide for a strong president, a dependent judiciary—and a weak legislature. When the legislatures of Kyrgyzstan and Kazakhstan proved stronger than anticipated, the constitutions of the two states were modified. Legislatures are unpredictable, and the move to restrict their scope of action is a reflection of a grow-

ing tendency throughout Central Asia to treat the elites who dominate these states as the only ones who can be trusted to govern "properly."

But the reality in all of Central Asia is that the costs of limiting political participation inevitably rise. Sharing the heritage of the Soviet system, each former republic should be acutely aware of the problems inherent in failing to develop a mechanism for the regular succession of leadership. Situations change, and people age. If there is not a routine movement of new talent into positions of greater responsibility, then political fatigue sets in as leaders respond the same way to new and changing problems. If there is no turnover of cadre, then political and economic power in the state will become increasingly dependent on the health of the current leaders.

Central Asia's leaders seem to respond to this reality with political instincts formed early in their careers during the Brezhnev era. The ideal of reform has taken on a life distinct from that of the society that is being reformed; the people, who after all are to benefit from the reform process, have instead become identified as its enemy.

The region's citizens have had to endure enormous changes, and many have seen great privation, yet they have not become easy targets for revolutionaries. Still, the available public opinion research shows that the primary concerns are breakdown of public order, the decline in the power of the purse, and general uncertainty about the future; the nature of political leadership does not seem to be something that they feel empowered to debate.

This does not mean that the average citizen wishes to return to the political system of the "stagnation period," when the state did his thinking and his voting for him. People everywhere in the former Soviet Union have grown used to expressing their concerns and to demanding that the state respond to them. They have also become less patient with the phenomenon of official corruption, as they have begun to understand that ultimately they are the government.

### **ISLAM AND NATIONALISM: THREATS?**

All the region's leaders are frightened of popular mobilization along ethnic or religious lines. While nationalist-oriented political movements have organized throughout the region, their political power has been exaggerated. They are most active in Kazakhstan and Kyrgyzstan, but this is as much a product of the less restrictive political climate in both countries as it is the politicization of ethnic identity. With the conspicuous exception of Tajikistan, most nationalist leaders in Central Asia have chosen to make peace, if only a wary one, with the current political incumbents.

While national identity has certainly become more politicized in general in post-Soviet Central Asia, the sense of who is "ours" and who is not shifts according

to circumstance. People make a variety of allegiances, in ever-widening circles—to the family, then to the neighborhood, or perhaps the *mahalle* (quarter), perhaps to the clan or *zhus* (horde), or perhaps to people from the region of their birth. They feel a kinship with those of similar nationality, but they also feel that they share something with people from the same city or country.

All the new states of the former Soviet Union—Russia included—are evolving new identities and cultures, some more inclusive than others. Nonetheless, the old identities have not disappeared completely, nor have traditions of diverse nationalities living in peace and close proximity. Questions about issues such as language rights have led to heated debates and sometimes even tense public demonstrations, but they have yet to become causes people are willing to die for.

Central Asia's leaders have found that they must rise above ethnic politics and insure that ethnic groups really do enjoy equal protection before the law. In this regard these leaders enjoy some small advantage. Products of the Soviet era, none of these men seem at heart to be a committed nationalist, although all have invoked nationalist themes when it has been to their political or economic advantage.

However, their Soviet background creates serious liabilities for Central Asia's leaders when it comes to Islam. Seven decades of indoctrination that religion is intrinsically evil has not disappeared overnight. Throughout the former Soviet Union religion has been readmitted to society only grudgingly, and then largely to the degree that it serves as a social or cultural palliative rather than as a prescription for living.

The case of Islam is special for a number of reasons. The religion is now widely feared, not just in the former Soviet Union but in most of the Western nations, largely because it demands of its adherents the same allegiances the state requests. Equally important, today's Islam is not generally content to see itself as a balm for easing the sores of this world while waiting for the next, but tends to understand itself as a prescription for how people may live better.

At the moment, religion and the state are not set on a firm collision course. All five Central Asian countries are secular societies, in which the size of the religious sphere remains largely determined by the state. Most believers are grateful for the greater religious freedom afforded them; it is better to be ruled by communists-turned-Muslims than by communists who arrest Muslims. Within a decade though, when Central Asians raised in the post-Soviet world begin to play a political role, this will no longer be true.

### **CHANGES TO COME**

Except for Tajikistan, independence has treated Central Asia kindly. Although their political styles vary widely from "Oriental" potentates to pseudo-Jeffersonian

sonian democrats, Central Asia's presidents have made a fairly effortless transition from Soviet republic leaders to heads of independent states. What makes this all the more remarkable is that most first attained power because Moscow believed them to be competent and loyal men who lacked any real independence of mind. Presidents Nazarbayev, Niyazov, and Karimov were appointed to office in the late 1980s, while President Akaev was chosen by a Communist-dominated legislature in 1990 that had little awareness of the tasks that would soon face Kyrgyzstan's new leader.

Certainly Central Asia's leaders have demonstrated real skill at their jobs, with the exception of Tajikistan's Rahmonov, whose tenure in office is largely dependent on the presence of a foreign army on his territory. As skilled politicians, each seems to understand what the population of his country is willing to tolerate. Whether the Turkmen people feel pride in seeing the face of their president on virtually all their legal tender and his name adorning public institutions, city streets, and even towns is unclear, but they certainly tolerate it. Similarly, while President Akaev understood the public appeal of claiming that Kyrgyzstan's nomadic tradition as historically supportive of democracy, he also knew that this didn't mean that he was expected to feel terribly bound to democratic principles.

These questions of political image and style are important, for they help new states establish political cultures and build political loyalty. Kazakhstan, Kyrgyzstan, Uzbekistan, and Turkmenistan have made reasonably secure first steps toward statehood, something especially noteworthy in a postcommunist world that has seen wars between Armenia and Azerbaijan and fighting in Georgia and Moldova, not to mention almost unending bloodshed in the former Yugoslavia. However, this has been as much the result of the temperate behavior of their citizens as the wisdom of their leaders.

The new states are coming on challenging times economically and politically. The Soviet-era welfare safety net is slowly being withdrawn throughout the region, albeit at differing rates. However, demands for assistance are likely to remain quite high; the local European population is increasingly at or approaching pension age, while high birth rates of the various indigenous Central Asian peoples are placing inordinate pressure on the school systems and job placement network.

These pressures will place new stresses on the region's political systems. They are likely to do so at a time when the existing political leadership, though beginning to grow weary, is even less inclined than it was at independence to make the structural reforms necessary to institutionalize a rotation of political elites.

The last four years have shown that these problems need not be a formula for disaster. If a crisis develops between two Central Asian states, there are some mechanisms for regional cooperation already in place. Though Russia remains concerned about the fate of Central Asian conationals, the bloody engagement in Chechnya means Russia is likely to try pressure and persuasion before intervention should tensions flare between local nationals and ethnic Russians.

As Uzbekistan's reversals of policy with regard to Tajikistan have shown, Central Asia's leaders are also growing more sophisticated in their understanding of the "Islamic threat," which at least for the moment is more closely identified with outside intervention than with home-grown Islamic populism. The seemingly endless war in Tajikistan seems to have taught them the virtue of trying to neutralize a political and religious opposition by making peace with its more moderate elements.

The real tests will come when one of these men dies in office, or worse, is ousted in a "palace coup." Succession will inevitably occur in Central Asia; none of its leaders are immortal. Within the next five years there will be a generational change in Central Asia, and only then will the stability of the region be tested.

This new generation of leaders will be more angry at the failures of communism than nostalgic for a shared Soviet past. They will owe their political power in no small measure to those who have profited by the privatization of property, and will show less hesitation at scrapping old social welfare policies. Though they will develop public personae that reflect respect for Islam and the national culture, their private lives are apt to be in sharp contrast.

Independence has led to a growing gap between the governors and the governed in Central Asia. When a new generation takes office this gap will likely grow wider still. What is not clear is whether the new group of leaders will be as skilled at gauging popular opinion, and offer promises sufficient to create enough public confidence to enable a smooth transition. ■

"A concerted Western and Russian effort is required to combat nuclear smuggling and associated criminal activities. Unfortunately, Russia's nuclear xenophobia—notably the official perception of dark Western motives behind the nuclear safety issue—clouds prospects for a productive Russian-Western dialogue on nuclear crime."

## Post-Soviet Nuclear Trafficking: Myths, Half-Truths, and the Reality

BY RENSSELAER W. LEE III

The end of the cold war has terminated direct East-West military confrontation in Europe, opened the former Soviet Union's borders to the West, and redefined American-Russian relations to stress the ideal of partnership in world affairs. Unfortunately, the demise of communism and the accompanying political and economic uncertainties in the post-Soviet world have also spawned an array of new threats to international stability and security. Many of these threats are associated with criminal effluents from the decayed Soviet empire; they include trafficking in narcotics, weapons, nuclear materials, human body parts, prostitutes, illegal aliens, and counterfeit money, as well as the wholesale transplantation of Russian criminal networks to Western countries. In its death throes, the empire seems to be striking back—in unforeseen and unpleasant ways.

An especially alarming form of criminality associated with the Soviet collapse has been a soaring illegal trade in radioactive materials such as uranium, plutonium, cesium, and strontium. Nuclear crime was virtually unknown until the late Soviet period; laws against the "illegal acquisition, possession and transport of radioactive materials" were incorporated into the Russian criminal code only in 1988. During the 1990s, however, hundreds of thefts of radioactive substances have occurred at nuclear institutes and enterprises and industrial institutions across the former Soviet Union. Reflecting this reality, the German federal police report increasing numbers of suspected nuclear crimes in Germany: 41 in 1991, 158 in 1992, 241 in 1993, and 267 in 1994. Some 30 to 50 percent of the cases admittedly entailed fraudulent claims; that is, the

seller could not gain access to or could not deliver the promised merchandise. Nonetheless, between 1992 and 1994, German authorities recorded 58 actual seizures and more than 400 apparently genuine offers to sell nuclear substances. Using a somewhat different methodology, the German Federal Intelligence Service estimates that there were 124 nuclear smuggling cases worldwide in 1994, compared with 53 in 1992.

Seizures of radioactive material have also been reported in other western European countries such as Switzerland, Italy, Belgium, and Austria, indicating that nuclear smugglers are seeking various market outlets for their merchandise. Of course, smuggling networks and routes snake through Poland, Czechoslovakia, Romania, Bulgaria, and Finland, but the criminal entrepreneurs principally are looking in western Europe for buyers for former Soviet nuclear materials, especially Germany. "Its geographical position makes Germany a center. Besides that, we also have solid financial structures; money is readily available here," explained a German intelligence official in answer to a reporter's question about the large quantity of nuclear material turning up in Germany. To be sure, there are exceptions to this pattern. In his 1995 book, *Comrade Criminal*, Stephen Handelman cites the example of a smuggling ring in Central Asia that delivered enriched uranium from a middleman in Tashkent, the capital of Uzbekistan, to a buyer in Afghanistan. (The smugglers reportedly trekked across the Pamirs carrying the uranium in lead-lined knapsacks.)

### THE NUCLEAR SMORGASBORD

Many of the nuclear materials in international black markets can be characterized as radioactive junk; they comprise low-grade uranium (in pellet or oxide form) and radioactive substances such as cesium-137 and strontium-90, that pose environmental hazards but cannot be used to make nuclear weapons. Unfortunately, the quality of stolen and smuggled substances is

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improving. German authorities have made three important seizures of weapons-usable fissile materials. In May 1994, 60 grams of metallic powder containing 5.6 grams of 99.75 percent pure plutonium-239 were detected during a search of a businessman's garage in Tengen-Weichs in Baden-Wurttemberg (3 kilograms or less of plutonium are needed to manufacture a nuclear weapon). One month later a special police unit confiscated a 0.8 gram sample of 87.7 percent pure uranium-235 in the Bavarian town of Landshut. In August, German customs officials and Bavarian police in Munich seized a lethal cargo of mixed-oxide atomic fuel containing 363 grams of plutonium-239 from the luggage of a Colombian national and two Spaniards on a Lufthansa flight from Moscow; the passengers also were carrying 201 grams of lithium-6, a material that is used in the production of thermonuclear weapons.

In mid-December 1994, Czech police confiscated an unprecedentedly large cache of 2.7 kilograms of uranium-235 of approximately the same purity as that found in the Landshut seizure. The material was discovered in a car, packed in two cylindrical containers and accompanied by a certificate written in Russian; a Ukrainian, a Belarusian, a Czech nuclear physicist, and (subsequently) a Czech police officer were arrested in connection with the incident. Although below the typical weapons-grade standard of 90 percent uranium-235 content or above, the Czech discovery was sufficiently enriched to be used in an atomic bomb, according to Western nuclear specialists.

Leakages of nonfissile materials and components used to manufacture atomic weapons are also part of the nuclear trafficking panorama. In one significant case, federal authorities arrested three men in New York last June for attempting to sell nearly 8 tons of nuclear-grade zirconium to United States Customs agents posing as arms buyers for the Iraqi government. The zirconium had been smuggled to the United States from Ukraine by way of Germany, according to United States investigators.

The contraband in these cases almost certainly originated in nuclear enterprises in the former Soviet Union. Most experts point to Russian research institutes or atomic fuel storehouses as the most likely sources. The actual points of origin remain obscure. Russian officials flatly deny that the seized materials were stolen from Russian facilities; moreover, they accuse the West of using the nuclear theft and smuggling issue to discredit Russia's atomic energy industry. Yet the prevailing impression is that the collapse of the Soviet system has diminished the ability of Russia and other former Soviet states to maintain and control nuclear stockpiles. Proliferation risks are enhanced by Russia's near bankruptcy and by rising criminality and

corruption throughout the former Soviet Union. These problems should not be exaggerated—critical nuclear facilities such as warhead storage sites and weapons disassembly plants appear to be adequately guarded. Nonetheless, specific theft histories suggest a deteriorating security climate in a wide variety of enterprises housing sensitive nuclear materials.

To cite a few important examples: in 1993 and 1994, Russian sources reported multikilogram thefts of highly enriched, though probably not weapons-grade, uranium at the naval fuel depot Sevmorput near Murmansk, the Sevmash shipbuilding plant at Severodvinsk, and the Elektrostal fuel production complex north of Moscow. The Sevmorput theft was orchestrated by three naval officers who had hoped to sell the uranium (a total of 4.5 kilograms) for between \$300,000 and \$500,000. The Elektrostal theft of 3 kilograms of uranium dioxide reportedly involved collaboration between an equipment repair worker and former technical personnel from the plant.

Press reports also indicate significant leakages of nuclear materials at former Soviet research and industrial installations. Known incidents include thefts of low-enriched uranium at plants producing nuclear fuel assemblies (Elektrostal and the Chepetsk mechanical factory in Udmurtia), at nuclear power stations (Chernobyl in Ukraine and Isnalina in Lithuania), and at weapons research complexes (Arzamas-16 and Chelyabinsk-70). In addition, in recent years thefts of cesium-137, a gamma radiation source used to measure the thickness and density of industrial materials, were recorded in such end-user enterprises as the Guryev oil refinery in Kazakhstan, the "Fosforit" chemical association in St. Petersburg, and the asphalt-cement Kaliningradavtodor complex in Kaliningrad oblast.

Western observers both overstate and discount the significance of the nuclear materials trade, which perhaps is best viewed as a continually evolving phenomenon. Illegal trafficking in nuclear materials still stands at a rudimentary stage of development. Materials from nuclear weapons or the facilities that produce them have not appeared on the market. Most nuclear contraband is militarily useless or would require substantial further enrichment or chemical reworking before it can be used to make bombs. Markets for smuggled nuclear materials are thin, buyers are few, profits are uncertain, and amateurs predominate in the supply chain. In other words, the current strategic significance of the traffic ranks as low. Yet major nuclear leakage and criminal proliferation scenarios must be taken seriously by Western policymakers. Nuclear criminals can be expected to professionalize their operations in the future—to attempt to access stockpiles of

weapons-grade uranium and plutonium, to develop dedicated smuggling networks, and to strengthen contacts with end users (such as nuclear threshold states and international terrorist groups). Obviously, a Western security policy toward the former Soviet Union must carefully track the evolution of the nuclear traffic and take all possible measures to control it.

## THE PROFIT MOTIVE

The rising traffic in nuclear and radioactive materials correlates with the disintegration of Communist control structures, economic and political instability, and the strains of privatization and defense conversion. The abysmal conditions at civilian and defense nuclear enterprises constitute a proximate cause. The problems of physical security and materials accounting are legend. The Ministry of Internal Affairs reported 900 attempts to gain unauthorized entry to restricted nuclear facilities in 1993. Physical safeguards such as radiation-monitoring devices are antiquated or defective. Perimeter walls and fences are frequently in disrepair. At Sevmorput, William Potter and Oleg Bukharin found fences with holes in them, and the alarm connecting the guard post to the storage building containing the uranium had rusted out.<sup>1</sup> Guard forces at some facilities are poorly trained and possibly open to bribes. (Federal Security Bureau guards stationed at military and dual-use facilities, however, reportedly do prevent thefts.) Prevailing inventory control practices emphasize checking documents and containers rather than actual stocks. According to an American intelligence source cited in an August 29, 1994, *Newsweek* article, some Russian research laboratories "haven't opened up containers for decades to see if the nuclear material inside matches what was listed on their inventories." If managers of laboratories and other facilities do not know how much fissile material they have, they cannot determine whether any is missing.

The downsizing of the nuclear complex has also produced a catastrophic effect on employee well-being and morale. Formerly the cream of Soviet society, nuclear scientists now receive salaries as low as \$10 per month; the head of Russia's nuclear inspection agency stated in early 1994 that "highly qualified specialists who work in secret nuclear towns earn less than the cleaning women who work in the Moscow subway." Strikes and work stoppages have been reported in several of Russia's so-called secret cities. Psychological factors—a sense of loss of function and purpose among enterprise employees—also exacerbate the soaring rate of nuclear crime. "In just a few years, these people have gone from being valuable and respected members of society to being superfluous," Yevgeni Korolev, a for-

mer nuclear scientist who heads a trading consortium in Ekaterinburg, told this author last September. "They are stealing not just to make a living, but also because they are angry." Economic desperation and low morale are aggravated by the Russian mass media's publication of alleged price lists for nuclear materials in Western countries.

Not surprisingly, nuclear workers have been stealing radioactive materials in droves. Between January 1993 and August 1994 alone, Russian law enforcement agencies arrested more than 300 people for illegal possession, theft, or transport of radioactive materials. Yet this is less than meets the eye in Russia's nuclear crime world. The commerce is principally supply driven, the product of the desperate economic conditions confronting nuclear enterprises and their surrounding localities. Marketing opportunities are fairly narrow since few people and companies broker nuclear merchandise and the terms of trade are highly unfavorable to the supplier. Finally, despite considerable press speculation, important organizations and players in the Russian criminal underworld have shown little interest so far in orchestrating thefts of radioactive material or in brokering nuclear deals. Organized crime's main businesses—extortion, financial fraud, and the export of contraband raw materials—offer fewer risks and more secure profits than does nuclear smuggling.

## AMATEURS AT WORK

Nuclear thieves commonly fall into four categories: employees of nuclear enterprises and storehouses; relatives or friends of nuclear insiders; what an Internal Affairs Ministry (MVD) official has termed "local enthusiasts" (those who live in the vicinity of vulnerable facilities); and former employees of the nuclear-industrial complex. In general, Russian nuclear crime represents a neighborhood affair, inspired by people who work in or have close connections to the target enterprise.

Russian police, journalists, and atomic energy officials emphasize that nuclear thieves are categorized as relatively clean lawbreakers, because they typically have no criminal records, no links to organized crime, and no involvement in other illegal businesses—that is, they are archetypal amateur criminals. This profile is not surprising. A special, elite cachet accompanies nuclear crime since the actual thefts can be committed in large measure only by workers and specialists with access to nuclear materials who have passed a security screening. In most cases nuclear thieves commit the crime on their own, not in response to a specific order (*zakaz*) from an outside buyer or trader. Almost invariably, would-be sellers are arrested while carrying nuclear materials out of the plant, secreting materials in apartments or garages, or attempting to solicit buyers for the stolen merchandise in major cities such as Moscow or St. Petersburg. As in the West, when buyers are found they usually turn out to be undercover

<sup>1</sup>Oleg Bukharin and William Potter, "Potatoes Were Guarded Better," *The Bulletin of the Atomic Scientists*, May-June 1995, pp. 48-49.

police operatives, journalists, or security service agents.

Although amateur operators dominate nuclear supply networks, Russian investigators cite evidence that a small trading network has emerged to handle radioactive isotopes and other nuclear substances. Of the 172 people arrested for nuclear trafficking in 1993, 10 were directors of small commercial enterprises and 2 were low-level employees of these firms, according to the MVD Economic Crimes division (presumably most of the rest qualified as enterprise employees, local enthusiasts, or couriers). As of mid-1994, MVD sources reported that some 35 to 40 suspected dealers in nuclear substances were operating around Moscow.

The dealers possess export licenses and Western bank accounts (mainly in Finland and Lithuania) and trade legally and illegally in commodities such as oil, rare metals, and weapons. Nuclear trafficking represents a sideline occupation for these operators, who accept nuclear merchandise strictly on consignment and keep up to 75 percent of the sale proceeds. This nascent dealer network is supplemented by a crew of couriers and guards who transport radioactive materials at the going rate for these services in Russia—roughly \$25 per day, plus food and expenses.

Trading networks comprising opportunistic businessmen and smugglers are also established in Western countries. Such networks, as University of Pittsburgh researcher Phil Williams notes, tend to “treat nuclear material as simply another commodity worth trading”—that is, they supply legal and illegal products indiscriminately. Williams cites the example of Emrullah Gungor, a Turkish uranium trafficker arrested in 1994 who had been previously convicted of smuggling historic artifacts and antiquities. Another example was German businessman Adolf Jaekle, arrested in Tengen in May 1994 in possession of 5.6 grams of almost-pure plutonium, who had imported and exported shoes, cigarettes, counterfeit currency, and equipment for making french fries.

Nuclear trading channels are augmented by the participation of former and active government officials and other “responsible” actors. Notable in this connection are several high-profile arrests for nuclear smuggling in Europe between 1992 and 1995, including a captain and former warrant officer in the Russian counterintelligence service; a former chief engineer at the Elektrokhimpribor plant in Sverdlovsk oblast; an officer in the former Polish State Security Services; and a deputy prosecutor in the Italian border city of Como who for years was in charge of investigating cases of nuclear trafficking between Switzerland and Italy. Also worth noting is that “responsible” nuclear managers in

Russia have sought the assistance of Western colleagues in marketing fissile material. For example, during a meeting at a nuclear enterprise in Sverdlovsk oblast in mid-1993, the plant manager, senior technicians, and a “local political figure” asked British engineering consultant John Large to arrange certification of plutonium and enriched uranium samples at laboratories in the United Kingdom. “It was quite clear what they planned to do,” commented Large. In another case, British nuclear expert John Radgey was offered plutonium and other nuclear materials by two engineers and a manager working at an unidentified nuclear facility. According to Radgey, one of the three pulled a piece of plutonium “the size and shape of a five-peso coin” out of a briefcase while the group was dining at a local Chinese restaurant.

Despite considerable evidence of theft and trading activity, the existence of a true black market for nuclear material is difficult to establish. “Legitimate” buyers of

stolen radioactive substances are few and far between. Indeed, in Europe, the principal buyers apparently are not the obvious candidates, such as North Korea, Iraq, Pakistan, Iran, or Islamic Jihad representatives—or, at least, purchases of nuclear contraband by such groups have yet to be demonstrated conclusively. Instead, the market as such seemingly comprises an assortment of police, undercover agents, intelligence operatives, and journalists. For example, the large 363-gram plutonium shipment from Moscow that was seized in Munich last August was the product of an elaborate sting operation conducted by the Bavarian police and the German intelligence service. The Germans

reportedly made a deal with the criminals to procure 4.5 kilograms of plutonium for approximately \$250 million (the Munich shipment was the first batch). The Landshut seizure also involved police posing as buyers.

In fact, European police and Russian authorities can confirm few cases of money actually changing hands for nuclear goods. Furthermore, police in Germany and other countries report many alarming cases of radioactive materials simply being abandoned in garages, parking lots, train stations, and other public places because the sellers could not dispose of their lethal wares.

## A NUCLEAR MAFIA?

The absence of buyers has provoked commentaries contending that the police operations are creating an artificial demand for radioactive material and that the operations are driven by bureaucratic or political motives. As Josef Jaffe, a knowledgeable German observer, puts it, the nuclear market largely includes “gamblers, amateurs—and decoys installed by the

state, who pretend that there is a market in order to shine with rapid investigative successes or to suggest an atmosphere of danger, which is very well suited to increasing state powers." Russian officials complain bitterly of baiting by German investigators, which they see as part of a broader Western effort to make Russian nuclear safeguards appear lax and to earn lucrative contracts for Western firms to construct storage sites and install control systems in Russia's atomic energy industry. The Ministry of Atomic Energy (MINATOM) has advanced the thesis that the entire Munich operation was a hoax of sorts—that the plutonium originated in Germany, was placed aboard a Lufthansa flight to Moscow, and then was returned to Munich, where the German police were waiting for it.

Still, nuclear crime constitutes a troubling and potentially lethal phenomenon—an ugly by-product of the wrenching economic changes of the post-Soviet era. The specter of a connection between Russian and international mafias to the illegal nuclear trade—a nuclear mafia—is of particular concern. In Russia, organized crime groups exercise wide influence in an uncertain economic and political environment. Economic assets controlled directly or indirectly by organized crime include 40,000 private and privatized enterprises and 70 percent of Russia's 2,000 banks, according to Russian police and security officials. Corruption extends to "the highest levels of the law enforcement and security community" in Russia, CIA Director James Woolsey noted in a speech last September. The possibility of criminal penetration of sensitive defense and nuclear enterprises must be considered. Powerful crime groups conceivably could buy off a military commander, a weapons designer, or a scientist.

However, evidence connecting traditional Russian organized crime to the illegal nuclear trade is sparse. Indeed, the core businesses operated by Russian organized crime are extremely profitable, making the economic interest in nuclear smuggling relatively weak. The same observation applies to transnational criminal enterprises such as the Sicilian mafia, which earns billions of dollars annually from its main criminal lines (extortion, kickbacks on government contracts, and heroin and cocaine smuggling), and the Cali cartel, which specializes in refining and exporting narcotics. Most professional criminals probably view a high-profile, hazardous, and uncertain business such as nuclear trafficking as unattractive.

In addition, traditional criminal groups would find it difficult to obtain the equipment and expertise needed to judge the quality of nuclear merchandise—to distinguish, say, weapons-grade plutonium from radioactive junk such as cesium-137. Moreover, trading in weapons-grade materials could generate unwelcome publicity and pressure for a wide-ranging Russian government crackdown on organized crime. As a result of these factors, Russia's established organized crime

**Prices Offered in Germany by Suppliers of Nuclear Commodities  
(early 1993)**

<b>Commodity</b>	<b>Price</b>
Enriched Uranium	\$100,000 to \$1 million
Highly-Enriched Uranium	\$1 million to \$60 million
Plutonium	\$700,000 to \$1 million
Cesium-137	\$100,000 to \$1 million
Cesium-133	\$30,000 to \$50,000
Osmium-187	\$70 million
Red Mercury	Around \$300,000
Radium-726	\$100,000 to \$1 million
Lithium-6	\$10 million
Scandium	\$50,000
Ytterbium-168	\$50 million to \$100 million
Europium-151	\$25,000

groups place a low priority on nuclear trafficking.

Of course, a complex and fluid phenomenon such as organized crime does not accommodate rigid distinctions. Some reports suggest that organized crime groups are testing the waters in the nuclear field. For example, MVD First Deputy Secretary Mikhail Yegorov noted at a Senate hearing in Washington last May that his ministry was investigating a possible organized crime link in one of nine recent cases of attempted theft of highly enriched uranium. Rumors abound that Russian mafia representatives discussed nuclear smuggling options with Italian criminals at an international crime summit in Prague in the fall of 1992.

The illegal nuclear trade seems destined to evolve differently than other criminal businesses. Nuclear-technical elites with strong government or military connections will likely play the dominant role in the diversion process because they enjoy privileged access to the nuclear substances that are potentially salable in international markets. They understand the physical properties of these substances and the special requirements for handling highly radioactive cargoes. Their scientific contacts and networks of colleagues afford wider opportunities to target arcane and specialized markets for sophisticated nuclear wares. Russian criminals specializing in nuclear materials also might attempt to forge links with émigré Russian scientists, especially those who have emigrated to nuclear threshold countries in the third world. (According to German Minister of State Bernd Schmidbauer, former Soviet nuclear experts have applied for work or are already working in Iran, Iraq, Algeria, India, Libya, and Brazil.)

Additionally, nuclear thieves—a relatively rarefied class of criminals—may prefer to create their own mar-

keting-logistical channels rather than relying on the professional criminal underworld, with its reputation for extortion and violence. "Our nuclear specialists don't need professional criminals to sell abroad plutonium, missiles, or warheads," former nuclear scientist Yevgeni Korolev observed in an interview with the author. "They are perfectly capable of creating their own networks." Ultimately, improved channels of communication between nuclear criminals in the former Soviet Union and end-user countries and facilities could alter routing patterns in the nuclear trade: Central Europe would become less important as an entrepôt for the trade as more dangerous substances are funneled directly to the Middle East, Southwest Asia, and other proliferation-sensitive areas.

### PLUGGING THE LEAK

The nuclear crime threat, a product of the complex interplay of economic privatization and defense conversion in the former Soviet Union, seems unlikely to subside anytime soon. To be sure, no significant diversions of weapons-usable materials have been reported in the West in 1995, but this may simply mean that smugglers are becoming more sophisticated and more adroit at covering their tracks. Underlying conditions in Russia's nuclear-industrial complex remain extremely serious: the complex is teetering on the edge of bankruptcy, and tens of thousands of employees of MINATOM research institutes, power plants, and fuel production complexes are facing economic ruin. Deteriorating moral standards and pervasive crime and corruption create an atmosphere conducive to stealing. Little money is available to improve the lax security safeguards at most enterprises, and individual security guards can be bribed to permit nuclear materials to pass through checkpoints. ("Guards will turn off any alarm system for a few moments for 1,000 rubles," commented an unnamed nuclear dealer, referring to security conditions at Elektrostal in mid-1993.) Moreover, in the prevailing climate of crime and corruption, police officers, security operatives, and other government officials might be tempted to accept payoffs or to dabble in trading radioactive materials themselves.

A concerted Western and Russian effort is required to combat nuclear smuggling and associated criminal activities. Unfortunately, Russia's nuclear xenophobia—notably the official perception of dark Western motives behind the nuclear safety issue—clouds prospects for a productive Russian-Western dialogue on nuclear crime. Furthermore, controlling the traffic is not considered a high priority by Russia's organized crime experts. "With drugs ruining our cities and blood running in the streets, we have more pressing problems," the MVD's Dimitri Medvedev said in an interview with this writer last year. Besides, he argues, nuclear trafficking is "not an organized business" and does not fall within the Russian mafia's sphere of inter-

est. Other officials see nuclear theft less a law enforcement problem than a structural problem of nuclear enterprises that is aggravated by media hype about the prices allegedly paid for nuclear wares and by police entrapment operations in the West.

These perceptions and concerns are understandable but shortsighted. Although now admittedly disorganized, nuclear trafficking holds ominous potential; the right combination of talent and connections could transform this anemic and largely unsuccessful enterprise into a dangerous specialty business supplying nuclear materials and even weapons to anti-Western states and groups.

The United States, Germany, and other Western countries must press Russia to make the fight against nuclear crime a priority and to accept the legitimacy of Western concerns on the issue. Western policymakers must remind Moscow that Russia's desire for equality and partnership with the West depends in no small part on vigorous efforts to control nuclear smuggling and other criminal activities, including specific policies and countermeasures. Of course, the West must do its part. For example, the United States should greatly expand its programs to help MINATOM improve materials accounting and physical security at enterprises housing weapons-grade materials. Such initiatives probably should be supplemented by direct economic assistance to Russian nuclear workers—as noted earlier, employees' economic priorities, not the machinations of underworld gangs, propel most cases of nuclear theft at former Soviet enterprises.

Yet the magnitude of the problems in Russia's nuclear enterprises and in the larger society argue against overreliance on a containment strategy: policymakers in the West and in the former Soviet states must plan for the contingency that quantities of nuclear merchandise, including weapons-usable materials, will escape into criminal channels. This means that cooperative interdiction must be strengthened. Also, certain technical assistance seems appropriate—such as training post-Soviet customs and law enforcement officials in nuclear interdiction and equipping customs checkpoints with devices that can detect and identify radioactive substances. Russia and the West should institute measures to share intelligence on nuclear criminals, including their professional affiliations, their criminal histories, and their supplier and buyer contacts. Enforcement agencies should negotiate appropriate joint strategies or "rules of the game" in police undercover efforts, including sting operations.

Such strategies will not eliminate the nuclear smuggling menace, but they might reduce incentives and opportunities for criminals. They would form an integral part of Russian and Western efforts to curb criminal nuclear proliferation and reduce the attendant risks to international peace, stability, and environmental safety. ■

# BOOK REVIEWS

## ON RUSSIA

### The Russian People Speak: Democracy at the Crossroads

By Nikolai Popov. Syracuse, N.Y.: Syracuse University Press, 1995. 160 pp., \$24.95.

Yes, Russia is going through dramatic economic and political change, as a glance at the articles in this issue of *Current History* will attest. Some critics find these changes more promising than others, but rarely do they examine the Russian public's attitudes about the country's transformation. Nikolai Popov, the head of the political surveys department at the Russian Center for Public Opinion Research in Moscow, has done just that. Using the many opinion polls and surveys he has conducted for the past seven years, Popov constructs a fairly comprehensive portrait of Russia's social journey toward democracy. What he finds is a rocky road ahead and not much of a path behind. Popov argues, convincingly, that political culture in Russia has not been restructured around the democratic ideals of choice and representation. Not only do the Russian people lack expectations of democracy, they have also lost whatever social adhesion they shared under socialism. Popov sees this ideological no man's land as the primary cause of Russian society's moral breakdown.

As a strict observation of current trends in public opinion, Popov's book covers Russia's political, social, and moral ground quite nicely, but his prediction of a turbulent future of violence and ethnic turmoil is disheartening; his insight into the kind of spiritual void that is Russia today is, however, noteworthy.

Claudia Burke

### The Legacy of History

### in Russia and the New States of Eurasia

Edited by S. Frederick Starr. Armonk, N.Y.: M. E. Sharpe, 1994. 312 pp., \$22.95.

Revisionism in history has taken many directions—some of them disturbing, all of them challenging; the current trend toward understanding a nation's territorial claims in terms of its reliance on tradition is fascinating and indeed necessary. In the first of a 10-part series, S. Frederick Starr has compiled a fine collection of such explorations. According to many of the contributors, the very multitude of ethnic and national traditions that have resurfaced since the collapse of the Soviet Union testify to the many historical issues that will have to be faced in understanding and resolving current and potential conflict in Russia and the new states of Eurasia. Three pieces in this volume stand out: Edward L. Keenan's unexpected, revisionist twist on

the meaning of myth; Serhii M. Plokhy's "Historical Debates and Territorial Claims: Cossack Mythology in the Russian-Ukrainian Border Dispute"; and Richard G. Hovannisian's "Historical Memory and Foreign Relations: The Armenian Perspective".

C. B.

### The Dream That Failed: Reflections on the Soviet Union

By Walter Laqueur. New York: Oxford University Press, 1994. 231 pp., \$25.

The Soviet Union's disintegration saw a host of Sovietologists scramble among themselves to proclaim who had been the first to predict that the Soviet Union was destined for failure. In *The Dream That Failed*, Laqueur is less interested in deciding who got it right first (although he counts himself among this group) then in determining who got it wrong and why.

Laqueur says that this book is an inquest, but it often reads like an inquisition without the pleasure of the auto-da-fé. Analysts, journalists, historians, political scientists—some named, most herded together—are picked apart with gentlemanly contempt for their inability to smell the Soviet empire's decay. Almost all are condemned for being dupes, or rendering amoral judgments of the Soviet regime, or—worst of all—the heresy of political science model building.

This exercise in political housecleaning aside, there is still much that is valuable in the rest of Laqueur's reflections on why the Soviet dream became a nightmare.

William W. Finan, Jr.

### Eternal Russia:

### Yeltsin, Gorbachev, and the Mirage of Democracy

By Jonathan Steele. Cambridge: Harvard University Press, 1995. 427 pp., \$15.95.

### Comrade Criminal: Russia's New Mafija

By Stephen Handelman. New Haven: Yale University Press, 1995. 398 pp., \$27.50.

Russia may no longer be Churchill's riddle wrapped in a mystery inside an enigma, but it remains a puzzle, one whose pieces are given shape by two respected journalists. Steele takes as his starting point the last years of Gorbachev's reign and the launching of post-Soviet democracy; Handelman offers a series of vivid portraits of the criminal nomenklatura who operate at the interstices of the economy. Both books are nuanced, thoughtful portraits that answer many questions about the new Russia, but leave one with concerns about prospects for democracy and the market.

W. W. F. ■

# THE MONTH IN REVIEW

August 1995

## ANGOLA

Aug. 9—Jonas Savimbi, the leader of the National Union for the Total Independence of Angola, says he will accept a government offer to become 1 of the country's vice presidents in a new coalition government.

## BOSNIA AND HERZEGOVINA

Aug. 1—NATO says it will use air power to protect all Bosnian "safe areas" from Bosnian Serb aggression.  
Aug. 5—Bosnian Serb leader Radovan Karadzic announces he is taking over the position of supreme commander, forcing General Ratko Mladic out of that position; Mladic says the demotion is "illegal."  
Aug. 18—The UN announces it will withdraw its troops from the "safe area" of Gorazde and rely on air power to defend it.  
Aug. 19—Three American diplomats negotiating an end to the Bosnian conflict are killed in a car accident near Sarajevo.  
Aug. 22—Bosnian Serbs shell Sarajevo, killing 6 people and wounding 38; there is no NATO response to the shelling.  
Aug. 28—Two Bosnian Serb mortar shells hit the central marketplace in Sarajevo, killing 37 people and wounding 80.  
Aug. 30—in retaliation for the August 28 bombing of Sarajevo, NATO warplanes attack Bosnian Serb targets around Sarajevo; a French Mirage jet is shot down near Pale.

## CAMBODIA

Aug. 4—US Secretary of State Warren Christopher meets with co-Prime Ministers Prince Ranariddh and Hun Sen; Christopher's visit marks the 1st time in 40 years a US secretary of state has visited the country.

## CHINA

Aug. 3—Two American military attachés are expelled after being accused of taking photographs at a restricted military site.  
Aug. 25—A court in Wuhan finds American human rights activist Harry Wu guilty of espionage and sentences him to 15 years in prison; he is immediately expelled to the US.  
Aug. 27—Foreign Minister Qian Qichen and US Undersecretary of State Peter Tarnoff announce that President Bill Clinton and President Jiang Zemin will hold a summit in October.

## COLOMBIA

Aug. 6—Cali police arrest Miguel Rodriguez Orejuela; he becomes the 6th leading member of the Cali drug cartel to be recently arrested. The arrest comes a week after the resignation of Defense Minister Fernando Botero, who was President Ernesto Samper's presidential campaign manager, following accusations that he had received more than \$5.8 million in campaign donations from Rodriguez and his brother, who was arrested for drug charges last month.  
Aug. 15—Prosecutors order Botero's arrest.  
Aug. 16—President Samper declares a 90-day state of emergency in order to launch an "ambitious series of measures" to fight organized crime. The measures will include the deployment of military forces to rebel areas.  
Aug. 23—Thomas Hargrove, an American kidnapped 11 months ago by the left-wing Revolutionary Armed Forces of Colombia

(FARC), is released; 240 foreigners have been kidnapped by left-wing guerrillas since 1986.

## CROATIA

Aug. 4—The government launches a major offensive to recapture Croatian Serb-held territory in the Krajina region.  
Aug. 5—Government forces capture the Serb breakaway capital Knin in the 2d day of their offensive; UN officials report many casualties; thousands of Serbs are fleeing the area.

## FRANCE

Aug. 1—France recalls its ambassador to Australia in response to Australia's decision to prohibit a French defense company from competing for a defense contract; Australia issued the prohibition to protest France's decision to resume nuclear testing in French Polynesia.

Aug. 17—A bomb explodes near the Arc de Triomphe, wounding 17 people; no one claims responsibility for the bombing.

## GEORGIA

Aug. 24—Parliament passes Georgia's first post-Soviet constitution by a vote of 159 to 8. The constitution restores the presidency and allows officeholders to serve 2, 5-year terms; the president will also be head of state and head of the executive branch. Presidential elections are scheduled to be held November 5.

Aug. 29—Georgian leader Edward Shevardnadze is slightly wounded in a car bomb attack near the Parliament building in Tbilisi; it is believed the attack was an attempt to prevent Shevardnadze from signing the new constitution. No one has taken responsibility for the bombing.

Aug. 30—Shevardnadze announces he will run for president.

Aug. 31—Alexander Ochorishvili, an aide to Parliament member and Mkhedrioni paramilitary group leader Dzhaba Ioseliani, is arrested for the August 29 bombing.

## INDIA

Aug. 31—A bomb kills Beant Singh, the chief minister of the state of Punjab, and 12 others, in the state's capital of Chandigarh; Sikh separatists are blamed for the blast.

## INDONESIA

Aug. 16—Three political prisoners—Omar Dhani, Raden Sugent Sutarto, and former Foreign Minister Subandrio—are released after 30 years in detainment; the 3 had been charged with taking part in the 1965 coup attempt against President Sukarno.

## IRAQ

Aug. 8—Lieutenant General Hussein Kamel and Colonel Saddam Kamel, senior army aides and sons-in-law to President Saddam Hussein, defect with their wives to Jordan; 30 other military officials accompany them. Lieutenant General Kamel, the country's supervisor of weapons procurement, is believed to have extensive knowledge of Iraq's clandestine chemical weapons program.

Aug. 17—Reacting to unusual elite Iraqi troop movements

around Baghdad, the US deploys 13 ships carrying tanks, trucks, ammunition, and other supplies to the Persian Gulf as a precaution.

A Saudi Arabian newspaper, *Asharq al-Awsat*, reports that a violent quarrel at a Hussein family dinner on August 7, in which 6 bodyguards were killed, led to the recent high-level defections.

- Aug. 22—The government admits to a UN inspection team that before the 1991 Persian Gulf War it had stockpiled germ weapons armed with anthrax and botulin; Iraqi officials claim the weapons were destroyed after the war.
- Aug. 25—Iraq reveals that just prior to the Persian Gulf War, it had set an April 1991 deadline to produce a nuclear weapon. It is believed that US bombings of Iraqi military installations prevented Iraq from completing its program.

## ISRAEL

- Aug. 2—Police arrest 12 settlers attempting to free Rabbi Shlomo Riskin, the settlers' spiritual leader, who is being held in Jerusalem for organizing protests against the Israeli-PLO agreement to expand Palestinian self-rule in the West Bank.
- The Party of God-Palestine, a small group of Palestinian Muslim militants, claims responsibility for the July 24 suicide bus bombing near Tel Aviv that killed 6 Israelis.
- Aug. 20—Israel reopens its border with the Gaza Strip, which had been closed for 10 days following an Israeli army report that a terrorist attack on Israel was imminent.
- Aug. 21—A suicide bomber kills 5 people and wounds 100 on a bus in Jerusalem; the militant Islamic group Hamas takes responsibility for the crime.
- Aug. 27—in East Jerusalem, Israeli officials shut down 3 branch offices of the Palestinian Broadcasting Corporation, the Central Bureau of Statistics, and the Palestinian Health Council, claiming that the offices were in violation of a law prohibiting any Palestinian National Authority political activity in Jerusalem.

## JAPAN

- Aug. 6—Japanese Prime Minister Tomiichi Murayama and other government officials gather in Hiroshima to commemorate the 50th anniversary of the dropping of an atomic bomb on Hiroshima by the US.
- Aug. 15—Murayama issues an official apology for the damage and suffering inflicted by Japan during World War II.

## KAZAKHSTAN

- Aug. 30—Kazakhstan's citizens vote on a new constitution that would increase presidential powers; the president would be able to dissolve the parliament at will and govern by decree, and legislators would be able to impeach the president with a two-thirds vote in both houses.

## KOREA, SOUTH

- Aug. 19—Political prisoner Kim Sun Myung is released after 44 years in prison; Kim was detained in 1951 during the Korean War after he refused to renounce communism.

## LEBANON

- Aug. 14—Israeli planes strike Palestinian guerrilla bases south of Beirut, wounding 6 people. The raid was apparently in retaliation for an overnight Palestinian guerrilla attack on an Israeli gunboat patrolling off south Lebanon.

## LIBERIA

- Aug. 19—In Nigeria, the two warring factions competing for control of the country reach an accord whereby rebel leader

Charles Taylor will be included in an interim government until elections can be held. The former chairman of the National Council of State and leader of the country, Chief Tamba Tailor, will step down in favor of Wilton Sankawulo, an academic who has been accepted as a neutral leader.

## PAKISTAN

- Aug. 3—*The New York Times* reports that a magistrate, his guard, and 20 other people were killed July 30 in Karachi; the Mohajir National Movement (MQM) is believed responsible.
- Aug. 29—The government offers to hold elections in Karachi if the MQM agrees to a cease-fire; Prime Minister Benazir Bhutto has offered a power-sharing arrangement with the rebels if they agree to a 6-month truce.

## PALESTINIAN NATIONAL AUTHORITY

- Aug. 26—A Palestinian court in Jericho jails 2 men identified by the Israeli police as members of a Hamas cell responsible for suicide bombings; the 2 had fled to Jericho to avoid Israeli security forces and were arrested on arms charges in Jericho on August 23.
- Aug. 29—Palestinian police arrest dozens of suspected Muslim militants, including 1 alleged suicide bomber who was planning to detonate himself in Jerusalem's central bus station.

## RUSSIA

- Aug. 2—Chechen rebel leader Dzhokhar Dudayev signs a cease-fire agreement with Prime Minister Viktor Chernomyrdin to end the 8-month civil war in Chechnya. More than 10,000 rebels and civilians have died since Russia sent in troops to end Chechnya's secession.
- Aug. 7—President Boris Yeltsin returns to work after being hospitalized for a month for heart problems.
- Aug. 16—As part of the cease-fire agreement, Chechen rebels begin handing over their weapons to Russian forces; Yeltsin threatened yesterday to renew fighting if the agreement was not carried out.
- Aug. 17—Relatives of missing US disaster relief worker Frederick Cuny call off their search for him and his Russian coworkers; Christopher Cuny, the missing man's brother, says that sources have reported that Cuny was executed on April 14 by Chechen rebels who had been told by the Russian Federal Security Service that Cuny was a spy. Russian officials claim that Cuny is alive and have not called off their search for him.

- Aug. 22—Alexsei Strakhov, representing Our Home is Russia, Yeltsin's and Chernomyrdin's new centrist party, loses a gubernatorial race in Yeltsin's home region of Sverdlovsk by a 2:1 margin to former Governor Eduard Rossel. This is the 1st gubernatorial election Yeltsin has allowed since 1993.

## RWANDA

- Aug. 15—The UN suspends the arms embargo it imposed last year.
- Aug. 28—Prime Minister Faustin Twagiramungu resigns; President Pasteur Bizimungu's office reports that Twagiramungu, a Hutu, was dismissed; others say he resigned to protest the murder of civilians by the army.
- Aug. 29—President Bizimungu removes 4 cabinet members; no reason is given for the dismissals.
- Aug. 31—Pierre Claver Rwigema is sworn in as the new prime minister.

## SAUDI ARABIA

- Aug. 2—King Fahd announces he has removed 16 long-time ministers, including the ministers of oil, finance and information, from his 28-member cabinet in an attempt to

improve efficiency and bring about a generational change.

## SRI LANKA

Aug. 7—A bomb explosion kills 22 people and wounds 50 in a government building in Colombo. The explosion comes just days after President Chandrika Kumaratunga proposed giving greater autonomy to secessionist regions in the north and east. No group has claimed responsibility for the explosion.

Aug. 30—Tamil Tiger guerrillas hijack a ferry off the northeast coast; the guerrillas sink 2 naval gunboats sent to investigate the situation, killing 28 people; the condition of the ferry's passengers is unknown.

## SWEDEN

Aug. 18—Citing the heavy demands of the position, Prime Minister Ingvar Carlsson announces that he will resign next March.

## TAIWAN

Aug. 23—President Lee Teng-hui announces that he will run in the island's 1st democratic elections, which are scheduled for next year; Lee heads the Nationalist Party, which currently holds 58 seats in parliament.

## UNITED KINGDOM

### Northern Ireland

Aug. 12—At least 30 people are injured in Belfast after fighting breaks out when Catholics try to stop a Protestant celebration

of the unsuccessful invasion of Catholic King James II three centuries ago.

## UNITED STATES

Aug. 1—The House of Representatives, by a vote of 298 to 128, gives final passage to a bill requiring President Bill Clinton to completely end US participation in the UN arms embargo against Bosnia and Herzegovina. The Senate approved a similar bill July 26 in a 69-29 vote; Clinton has threatened to veto the bill.

Aug. 8—The US charges detained Hamas leader Mousa Mohammed Abu Marzook with fundraising for a terrorist organization and using some of that money to purchase weapons; Israel has also charged Marzook with murder and conspiracy, and is attempting to extradite him. Marzook was detained July 25 as he re-entered the US from the United Arab Emirates.

Aug. 10—US President Clinton praises King Hussein of Jordan for granting political asylum to 2 daughters of Iraqi President Saddam Hussein and their husbands; he pledges to protect Jordan from any Iraqi retaliation.

## ZAIRE

Aug. 22—Soldiers force tens of thousands of Rwandan refugees to return to Rwanda; an estimated 60,000 refugees have fled the refugee camps to escape the expulsion.

Aug. 24—Authorities stop the deportation of Rwandan and Burundian refugees from refugee camps along the border in accordance with a UN request. ■

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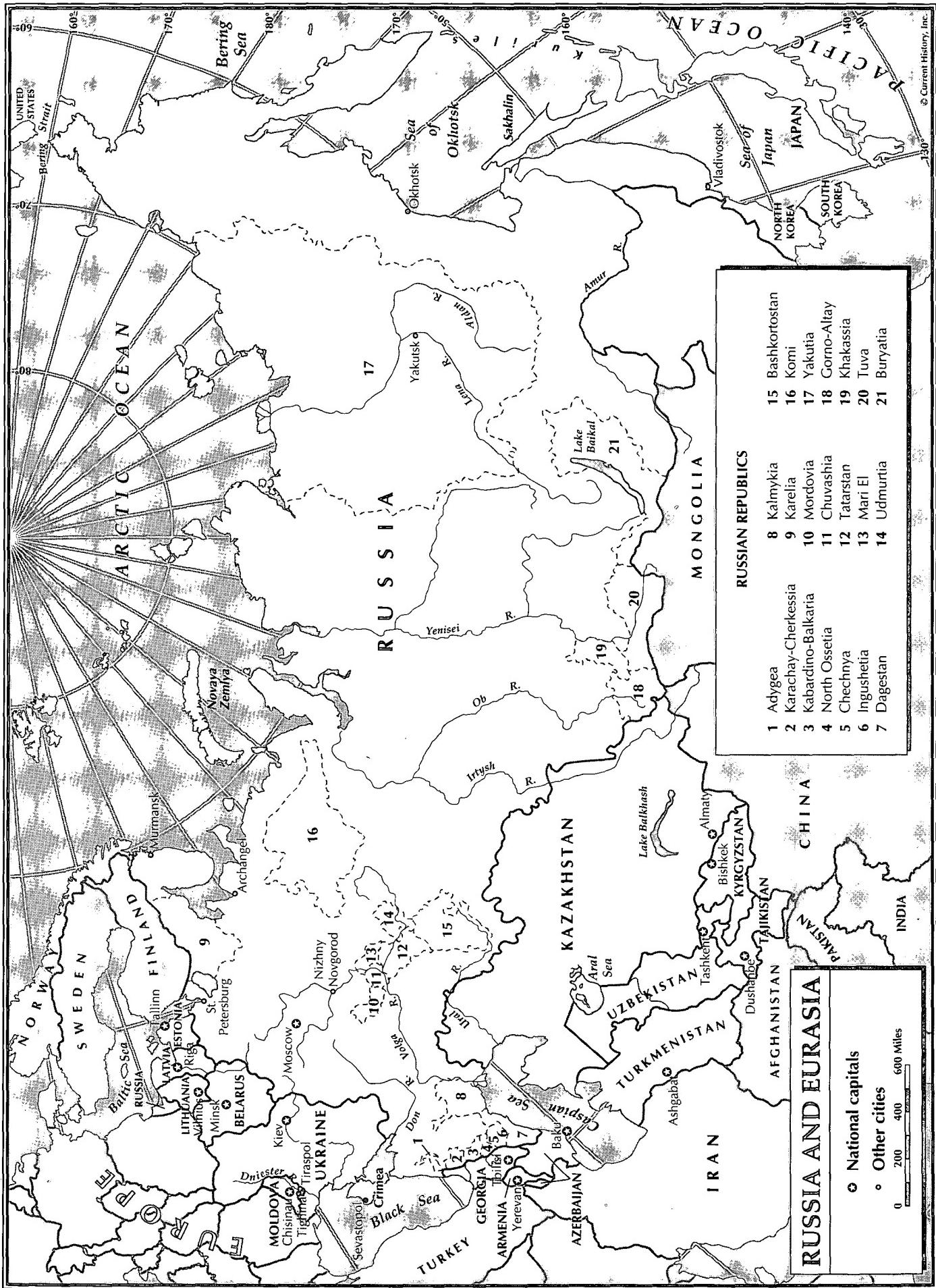
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